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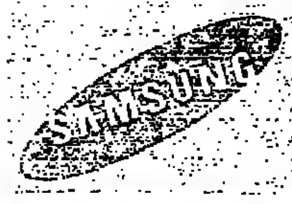
FINANCIAL TIMES



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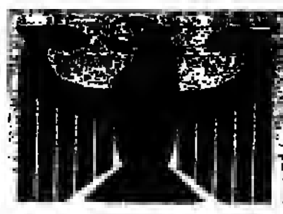

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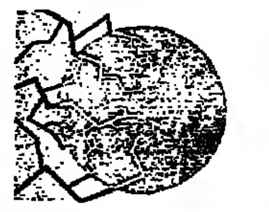

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The night the innocents died

World Business Newspaper — FRIDAY FEBRUARY 10 1995

Finland's two leading banks announce merger

Leading Finnish banks Kansallis-Osake-Pankki and Union Bank are merging to create a bank with total assets of FM300bn ($63.5bn). Their union – Nordic banking's most dramatic recent restructuring move – is designed to produce annual cost savings of FM1.5bn by closing up to 375 out of their combined total of 775 branches and cutting staff numbers sharply from 18,100. Page 15; Lex, Page 14; Background, Page 18

Six charged with insider trading: The US government charged six people with insider trading in stocks that were takeover targets of telephone giant AT&T. Prosecutors alleged the accused, acting on tip-offs from two ex-AT&T employees, made $2.6m profit between 1989 and 1993.

Peace talks session breaks down: Sinn Féin's delegation walked out of the latest session of Northern Ireland peace talks with the UK government after claiming the meeting might have been bugged. Page 8

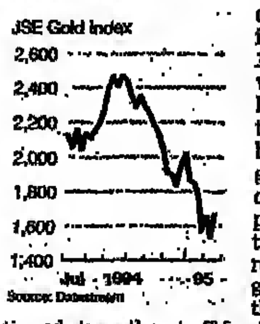
Minister appeals to reason: UK finance minister Kenneth Clarke appealed for "sensible and informed debate" about a single European currency as he tried to quell controversy over the issue within the ruling Conservative party. Page 14; Editorial Comment, Page 13

UK income gap widens: Inequality of income in Britain is at its highest since the second world war and has been growing faster than in any developed country except New Zealand, a report says.

Shuttle spacewalk ends early: Astronauts Mike Foale and Bernard Harris spent almost three hours walking in space as part of the US space shuttle Discovery's eight-day mission. They returned to the shuttle early complaining of cold.

Gold shares shoot up in South Africa: Johannesburg gold shares leapt by 7.4 per cent, pushing the gold index up 113.7 points to 1,654.4. Behind the rise were a firming of the bullion price and a return to the market of local small buyers. The surge in the gold index helped lift the overall index by 64.8 points to 5,252.3. Expectations of strong corporate results made for slight gains in industrials but the financial rand's continued strength put off foreign investors. Page 32

South Africa



Source: Datastream

Backing for Spain's PM: Felipe González won a tactical victory in parliament when Catalan nationalists joined his minority socialists to back a motion that should ensure his government's medium-term stability. Page 2

Portugal plans privatisation: Portugal's cabinet approved plans to privatise Gescartao, the cardboard and packaging division of state pulp and paper group Portucel. The government aims to raise Es250bn ($1.59bn) from sell-offs this year. Loan for Portugal, Page 22

Pakistani Christians face death: A Pakistani court was reported to have sentenced two Christians – one a boy of 14 – to death for blasphemy against Mohammed. The defendants, who denied the charge, can appeal to the provincial high court.

Quake toll rises: Rescuers searched rubble in Pereira, western Colombia, for survivors of Wednesday's earthquake, which killed at least 37 people and injured more than 230.

Japan to budget for Kobe aid: The Japanese government plans to draft a supplementary budget to fund reconstruction of the Kobe area, which was devastated by last month's earthquake. Page 4

Daimler plans Russia move: German industrial group Daimler-Benz is discussing investing some DM700m ($456m) in Russia. Its Mercedes-Benz vehicle arm is in talks with southern Russia's Ulyanovsk car plant over a deal to make trucks, jeeps and diesel engines.

Irish minister quits: Irish junior finance minister Phil Hogan quit amid controversy about leaks of the government's budget statement. He admitted that part of the budget was faxed to newspapers from his office almost four hours before being announced to parliament.

Russia unveils treasures: St Petersburg's Hermitage Museum unveiled three 19th century paintings not seen since Soviet soldiers took them from the ruins of Nazi Germany 50 years ago. A full "hidden treasures" exhibition opens next month.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	3899.87	(+3.70)
NASDAQ Composite	787.16	(+3.39)
Europe and Far East		
CAC40	1874.44	(+23.53)
DAX	2112.69	(+48.6)
FT-SE 100	3099.0	(+26.5)
Nikkei	18,099.5	(–190.70)

US LUNCHTIME RATES

Federal Funds	6%
3-mth Treas Bills: Yld	5.805%
Long Bond	97¾
Yield	7.687%

OTHER RATES

UK: 3-mo Interbank	6⅝	(6$\frac{17}{32}$%)
UK: 10 yr Gilt	100$\frac{5}{32}$	(100$\frac{3}{32}$)
France: 10 yr OAT	96.84	(96.85)
Germany: 10 yr Bund	100.85	(99.97)
Japan: 10 yr JGB	96.643	(96.552)

NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$17.945	(17.07)

GOLD

New York: Comex		
Apr	$378.8	(378.3)
London:		
close	$375.9	(374.8)

DOLLAR

New York: lunchtime		
£	1.559	
DM	1.52735	
FFr	5.276	
SFr	1.292	
Y	98.925	
London:		
£	1.5557	(1.5529)
DM	1.5291	(1.5312)
FFr	5.2928	(5.2065)
SFr	1.2933	(1.295)
Y	98.855	(98.825)

STERLING

DM	2.3787	(2.3778)
Tokyo close:	Y 98.82	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$16	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK35	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Peso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.80	Lux	LFr70			UAE	Dh12.00

Rabin maintains firm stance on tougher action against Islamic extremists

Mideast talks fail in peace push

By Julian Ozanne in Jerusalem

The crisis in Israeli-Palestinian peace talks deepened yesterday when a summit meeting between Mr Yitzhak Rabin, the Israeli prime minister, and Mr Yassir Arafat, tha Palestinian leader, broke up with no progress.

The two leaders failed to revive the stalled peace process or negotiate a lifting of Israel's closure of the Gaza Strip and West Bank, linked by Israel to a need for tougher action by Palestinians against Islamic extremists.

Israeli officials said Mr Rabin's tough stance on closing Gaza and the West Bank, tantamount to an economic blockade, signalled his determination to maintain pressure on Mr Arafat to take further security measures.

Palestinian officials warned that Mr Rabin was playing a dangerous game of brinkmanship, and that the blockade, which prevents 60,000 Palestinians reaching work in Israel and obstructs the free passage of Palestinian exports, had only eroded support for the peace process.

"I think there is a crisis, a real crisis," said Mr Yassir Abed Rabbo, head of culture and information in Mr Arafat's administration.

Mr Alain Juppé, the French foreign minister who met Mr Arafat in Gaza after the summit, said the peace process was at a critical point and warned of the consequences of a breakdown in negotiations.

"An interruption of the peace process would have catastrophic consequences for the whole region and for international stability," said Mr Juppé, who is leading a European Union delegation on a Middle East tour.

Israel tried to play down the perception of a crisis and said Mr Arafat and Mr Rabin would meet in a week to resolve the problems in the long-delayed implementation of the peace process.

"There were differences but by no means would I describe this as a crisis," Mr Rabin said.

He also said Mr Arafat must take control of law and order.

"From our standpoint, the main, dominant consideration is the matter of security," he said.

But Palestinian officials said Mr Arafat had taken substantial measures in recent days, including closing the main offices of the hardline Democratic Front for the Liberation of Palestine and arresting activists alleged to be involved in attacks on Israelis. Palestinian officials said that, despite these tougher measures, Mr Rabin refused to make any concessions on the long-delayed release of up to 6,000 Palestinian prisoners, easing the closure, implementing safe passage corridors between Gaza and Jericho, and speeding up the extension of Palestinian self-rule to the West Bank. They said Mr Rabin had met Mr Arafat's considerable security gestures with even stronger demands, including widespread prosecution of Islamic extremists and the extradition of guerrillas involved in attacks to Israel.

Even Israeli officials conceded Mr Rabin was making a clear link between Mr Arafat's security measures and progress in all aspects of the peace process in a strategy designed to win back Israeli public support for the process.

In unchanged Gaza, talk is of a second intifada ....Page 4

Yassir Arafat (left) and Yitzhak Rabin leave their meeting in the Gaza Strip yesterday — EPA

Second Crédit Lyonnais rescue planned

By David Buchan in Paris

Shares in Credit Lyonnais, the troubled state-controlled French bank, jumped 6.5 per cent yesterday on reports the government is preparing to follow last year's bail-out with a second rescue plan.

Even though the bank will be obliged to contribute to the cost of the rescue package, the prospect of a solution to Crédit Lyonnais' problems pushed up the shares. The non-voting stock closed FFr21 up at FFr345.

The government's aim is to help keep France's largest bank trading in line with international solvency rules, but to do so with the minimum of aid.

It wants to avoid upsetting Crédit Lyonnais' competitor banks, the European Commission's state aid controllers and, most important during the current presidential campaign, French voters. Some of Mr Edouard Balladur's rivals for the presidency are beginning to cite Crédit Lyonnais as evidence that he does not have the French taxpayers' interests at heart.

Last year, the state provided the banks with FFr23.3bn ($4.39bn) of new capital and guarantees. Crédit Lyonnais hived off FFr42bn of doubtful property loans into a special company underwritten to the tune of FFr18.4bn by the government, which together with the bank's other public shareholders also injected FFr4.9bn new capital.

But for the first half of last year the bank group still recorded a FFr4.5bn net loss, after taking FFr8.9bn in provisions, and the second half is said to have been not much better.

So, this time the government and the bank are negotiating a plan to take off the bank's balance sheet a much larger amount of assets, up to FFr100bn according to a report in yesterday's Les Echos newspaper, and to place them in another special state-backed "structure". This would reduce the balance sheet and therefore the bank's need for fresh capital to maintain its liquidity ratio at a minimum of 8 per cent of own funds to total

Continued on Page 14

BAe to market Saab-Scania's new fighter

By Bernard Gray in London and Hugh Carnegy in Stockholm

Saab-Scania, the Swedish aircraft manufacturer, has agreed that British Aerospace will handle the international marketing of its latest generation JAS 39 Gripen fighter aircraft.

The move is the latest stage in the consolidation of tha European defence industry after the end of the cold war, with Saab co-operating more closely with BAe. Initially the agreement is to market the aircraft, but if significant export sales are won, manufacturing work is likely to be shared between BAe and Saab.

The deal represents the first step in reducing the number of fighter manufacturers in Europe – three advanced aircraft are being designed in Europe, compared to only one in the US.

Saab has an order for 140 of the Gripen from the Swedish air force, which may buy a further 150. The company, however, has failed to win any exports, while BAe has an extensive international marketing network.

Sweden has spent SKr60bn ($8bn) on development of the Gripen so far, and Saab has an ambitious target of 500 sales by the end of the century.

BAe said thet an agreement in principle had been reached, but many contract details had still to be worked out. For BAe, marketing the Gripen would fill a gap in its aircraft portfolio. It would be able to offer the Hawk advanced jet trainer, the Tornado strike aircraft, the Eurofighter 2000 top-of-the-range twin engined fighter, or the Gripen as a cheaper single engined alternative.

BAe has already helped Saab with aspects of the Gripen's wing design and in manufacturing using new composite materials. The aircraft has been dogged by a series of development problems, including a crash at a Stockholm air show in 1993.

The Gripen faces tough competition in export markets from the French Rafale and four-nation Eurofighter, as well as existing US jets such as the Lockheed F-16 and McDonnell Douglas F-18.

"We don't have the international network or the experience or contacts that the UK has from selling defence equipment for decades to other nations in different parts of the world," said Mr Kai Hammerich, information chief at Saab-Scania.

Saab-Scania, wholly owned by Investor, the main investment vehicle of the Wallenberg family empire, says its aircraft offers competitive performance at a price pitched below other fighters being developed. As well as the marketing agreement with Saab, and strong overseas sales of its Hawk and Tornado aircraft, BAe will be the largest partner in the production of the Eurofighter.

Britain's music industry earns £571m in exports

By Robert Chote and Martin Mulligan in London

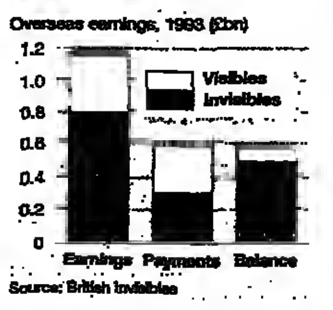
Britain's music industry now rivals its steel industry as an export success story, according to figures published yesterday by British Invisibles, the trade lobbying group.

But with only one artist currently in the US top 30 singles chart, Britain is relying on the past efforts of ageless superstars such as Elton John and Phil Collins to keep the money rolling in.

The music industry's exports were almost double the value of its imports in 1993, earning a net £571m ($885m) for the UK's balance of payments. Exports only outstrip imports to this extent in a few niche industries such as tobacco, caravans and wallcoverings.

The bulk of the industry's earnings came from "invisible" sources like royalties for recordings and live performance fees, rather than exports of "visible" goods such as records, compact discs and instruments. Of the industry's total overseas earnings in 1993, invisibles accounted for £799m, visibles £359m.

Music Industry



Source: British Invisibles

The music industry's net overseas earnings were nearly five times as large as the British film industry's, while British television was running a trade deficit of £115m. Recording, music publishing, musical theatre and live performance are all net overseas earners, but Britain has a trade deficit in musical instruments.

Mr Richard Branson, founder of the Virgin music label, said: "We do invest a great deal more in local talent than most other countries. We are fortunate that British music sells well in 70 or 80 countries around the world. French bands and German bands do not translate so well."

Mr Ashley Abram, director of Box Music and editor of the best-selling Now That's What I Call Music compilation albums, said the UK sold music to the rest of the world, including reissues of recordings by the Beatles.

Ms Jill Leyland, economic adviser at British Invisibles, said the recording industry's earnings came largely from back catalogues of established artists like Eric Clapton. But the financial strength of British music was not reflected in the world's current hit parades. Des'ree, the female soul singer, is the UK's lone artist in the US top 30 singles chart. And tha Cranberries, an Irish band, are the closest Britain comes to a top seller in the more lucrative album market.

Mr Ian Taylor, the trade and technology minister, said: "No one disputes the importance of music in everyone's lives, but what may not be so obvious is the financial benefit the UK economy derives from music."

Figures released yesterday by the Central Statistical Office showed that the UK's overall trade in visible goods dropped further into the red in November last year, with the deficit rising to £640m from £553m in October.

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Croatian war fears grow as talks stall

The demand for a UN troop pull-out is raising tension, writes Laura Silber

The danger of a fresh war in Croatia yesterday loomed larger after its rebel Serb leaders froze negotiations aimed at normalising political and economic ties with the Croatian government in Zagreb.

They said the freeze would hold unless Croatia reversed its decision to expel 12,000 UN peacekeepers when their mandate expires on March 31. The UN placed troops in Croatia in March 1992 to protect the former Yugoslav republic's Serb minority. Zagreb insists that the troops do little more now than cement Serb territorial claims made during the six-month war between Croatia and rebel Croatian Serbs, backed by the Yugoslav army. That war erupted when Croatia broke away from Yugoslavia.

Mr Milan Martic, the Croatian Serb leader, yesterday said his people in their self-proclaimed Serbian republic of Krajina "would now start preparing for war". They fear attacks from the Croatian government if Zagreb sticks to its decision to expel the UN peacekeepers.

Serbian Krajina comprises three enclaves in Croatia which object to any peace settlement that would make them part of Croatia again. The largest enclave, Krajina proper, lies in south-central Croatia.

International mediators have so far tried in vain to persuade Zagreb to change its mind on expelling UN troops. Although the Croatian government has not openly declared that it intends to pursue military action against Krajina when the UN forces leave, diplomats believe this would be inevitable. Mr Peter Galbraith, US ambassador to Croatia, yesterday again warned Zagreb that the US would oppose any military moves to crush rebel Serbs. "We state clearly that we shall not support Croatia if it chooses the military option," he said.

If the UN peacekeepers withdraw, diplomats fear a resurgence of fighting in Krajina could lead to a wider Serbo-Croat war. They are currently attempting to persuade Belgrade and Zagreb to back a compromise plan.

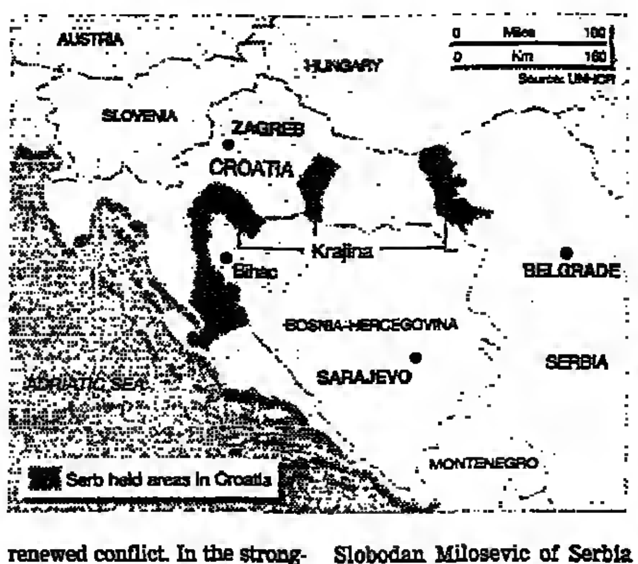
This would appear to entail Serbian recognition of Croatia in exchange for the renewal of the UN mandate there and the easing of UN sanctions on Belgrade. Mr Dusan Bilandzic, a senior Croatian diplomat, yesterday admitted that an agreement along those lines was being discussed.

This would lay the ground for talks on a plan put forward last month by US, Russian, European Union and UN mediators. The plan offers a broad measure of autonomy to two municipalities in Krajina.

But the decision by the Krajina Serbs late on Wednesday dented these quiet diplomatic hopes and raised fears of renewed conflict. In the stronghold of Knin, the Serb assembly voted unanimously to freeze additional talks with Zagreb on confidence building measures and also declared a war alert. This will remain in effect until the UN mandate is renewed.

The decision did not, for the time being, cancel recent accords on the reopening of the Belgrade-Zagreb motorway and an oil pipeline which both pass through Serb-held territory. But Mr Milan Babic, the Krajina "foreign minister", made clear this hard-won economic agreement could be quashed. "Ask our people whether they would rather be fat Croats or thin Serbs," he said. President Slobodan Milosevic of Serbia might like to jettison the Krajina Serbs. They fear that they will be used as a bargaining chip in exchange for the lifting of sanctions against Belgrade and may provoke war against Zagreb in the hopes of dragging Serbia proper into the conflict on their side. "In case of aggression by Croatia no Serb anywhere can remain neutral," said Mr Babic.

The rising tensions in Croatia yesterday had an immediate impact on neighbouring Bosnia. Clashes intensified round Bihac, the Moslem enclave in north-western Bosnia, which is sandwiched between Serb-held territory in Croatia and Bosnia.



Catalans fall in behind González

By Tom Burns in Madrid

Mr Felipe González, Spain's prime minister, yesterday won a parliamentary victory that is likely to ensure stable government for the rest of the year.

Catalan nationalists closed ranks behind his minority Socialist party in parliament to endorse a joint policy motion which allows Mr González to avoid a dissolution of parliament during the Madrid presidency of the European Union in the second half of this year. It also gives the premier breathing space from the string of political scandals that have dogged him since he was re-elected for a fourth term in June 1993.

The motion, drawn up by the Socialist party and Convergencia i Unió (CiU), the Catalan nationalist coalition, focuses on continued fiscal austerity by the Madrid administration and on swifter devolution to regional authorities, in particular to Catalonia's Generalitat government. It also provides ballast for the prime minister should municipal and regional elections on May 28 bear out opinion polls indicating strong gains for the conservative Partido Popular (PP) opposition.

The Catalan support was sufficient to carry the motion supporting the government at the end of a two-day state of the nation debate. During the debate the PP had called on Mr González to bold general elections in tandem with the other polls at the end of May.

The prime minister received a setback, however, when Judge Ventura Pérez Mariño, an independent whom he had co-opted on to the Socialist party lists at the last general election and who sits on the government benches in parliament, broke with the party, saying that Mr González should resign and dissolve parliament.

Judge Pérez Mariño had recently voiced his concern that the government was attempting to block investigations into its alleged involvement in death squads that fought an undercover war against Basque separatists in the 1980s. His stand was a blow to Mr González's attempts to restore the credibility of his administration in the face of the corruption controversies.

Ahead of the judge's resignation call, Mr Joaquín Almunia, parliamentary leader of the Socialist party, said the "government is guaranteed, there is no vacuum". Mr Joaquim Molins, leader of the CiU in the Madrid parliament, said his group had demonstrated its ability to work with the Socialists and had made clear its support for Mr González.

CiU backed the government's last two budgets but had kept its distance from the socialist government, refusing Mr González's persistent offers to join it as a junior partner. Yesterday's joint motion was the first to be publicly presented by both parties and sought to dismiss allegations that the Catalans were lukewarm in their support for the government.

Analysts said the motion should bring back calm to the domestic markets. "The markets are now shrugging off the Spanish instability factor," one said.

EUROPEAN NEWS DIGEST

Setback over new Polish PM

Prospects for the early formation of a new Polish government appeared to dim yesterday when Mr Jozef Oleksy said he would only decide next week whether to accept the post of prime minister. Earlier this week leaders of the governing coalition – under pressure from President Lech Walesa to change the prime minister – agreed to let Mr Waldemar Pawlak, the present premier, step down and put Mr Oleksy, the speaker of the parliament, forward for the post. A communique issued after Mr Oleksy met Mr Walesa yesterday noted laconically that the two men had "talked about the most important problems of our country".

Later Mr Oleksy confirmed the president had reacted "in a reticent way" to his candidature and added that "everything is quite complicated". Mr Oleksy has to make sure the coalition – the Left Democratic Alliance (SLD) and the Peasant party (PSL) – can continue to work together in a new administration. The PSL is smarting from the loss of the premiership and meets today to discuss tactics. *Christopher Bobinski, Warsaw*

Irish junior minister resigns

Mr Phil Hogan, a junior Irish finance minister, resigned yesterday after admitting leaking details of Wednesday's budget statement. Mr Hogan, 35, a member of prime minister John Bruton's Fine Gael party, admitted responsibility for the faxing of a four-page message to two Dublin newspapers some four hours before Mr Ruairi Quinn, finance minister, delivered his budget speech.

The resignation followed a parliamentary row after Mr Bruton apologised to the Dail. Mr Hogan told MPs that the mistake was due to "a lack of clarity in instructions" he had given to officials in his department. His departure is the first upset for the seven-week-old Fine Gael-led coalition, which took power after the collapse of the former Fianna Fail-Labour administration over a judicial appointment scandal in December. *John Murray Brown, Belfast*

Court upholds advertising ban

The European Court of Justice ruled yesterday that EU states can ban the broadcasting of television advertisements promoting distributors. It was making a preliminary ruling on an action brought in France by importer Leclerc-Siplec against French television companies TF1 and M6 for not accepting some of its advertisements. At issue is a French law, designed to protect small traders, that bars distributors from television advertising. TF1 and M6, although defendants in the case, agreed with Leclerc-Siplec that the ban was contrary to EU law and wanted it lifted. In its ruling, the Luxembourg-based court said neither EU treaties nor the "television without frontiers" directive precluded the ban. It said the ban was not contrary to EU law as it covered all distributors, did not affect intra-EU trade or competition, and did not prevent French companies advertising through other media. *Reuter, Luxembourg*

Tietmeyer describes attack

Mr Hans Tietmeyer, Bundesbank president, testified yesterday in the trial of Ms Birgit Hogefeld, an alleged Red Army Faction terrorist. One of the charges is that Ms Hogefeld obtained a getaway car for terrorists who carried out a 1988 highway ambush on Mr Tietmeyer, when he was a state secretary at the federal finance ministry.

Describing the attack, Mr Tietmeyer said he was reading files in the back seat of his chauffeured limousine when "there was suddenly a hit". He said: "I looked up and stared into the firing guns". His driver sped to the next police station with flat front tyres. Mr Tietmeyer and the driver were not hurt, but there were 15 holes in the side of the car.

Ms Hogefeld, 37, is also accused of killing Mr Edward Pimental, a 23-year-old US soldier, in 1985 in order to steal his identification card. The card was used to gain access to Rhein-Main Air Base south of Frankfurt which was bombed, killing two people and injuring 23 others. She is also charged with helping to bomb and destroy an unoccupied, newly constructed prison in Weiterstadt, near Frankfurt, in 1993 and murdering a policeman during her capture the same year. *AP, Frankfurt*

EU labour rules 'too complex'

Europe's employers called yesterday for a moratorium on European Union labour laws and said some current rules should be simplified or abolished. They also said the new European Commission should pay more attention to what industry wanted and stop ruling from the top down. Unice, a federation of industry and employer groups from 25 European countries, said the Commission should put business competitiveness at the top of its agenda. Mr Zygmunt Tyszkiewicz, the group's secretary-general, said: "Europe is higher than anyone else in costs, more rigid than anyone else on flexibility and it lacks skills."

In a paper given to Mr Jacques Santer, Commission president, the group said businesses, especially small ones, needed relief from bureaucracy and regulations. "The main objective [in social policy] must be to reduce manpower costs ... to increase the flexibility of the labour market and to raise the skills level of the workforce," it said.

Unice also called for the completion of the single market and argued that the Commission should be quicker in its regulation of monopolies. It said employers would like the Commission's power in this area to be increased to make it simpler for companies to apply for clearance of proposed mergers. "We want a one-stop shop on concentrations," Mr Tyszkiewicz said. *Reuter, Brussels*

Investigation will test Brussels' commitment to air transport liberalisation

Kinnock to probe Iberia funding plan

By Emma Tucker in Brussels and Andrew Hill in Milan

Mr Neil Kinnock, the new European transport commissioner, announced yesterday he is to open an investigation into plans by the Spanish government to fund Iberia, its loss-making airline, with Pta130bn ($984.8m) of state aid. The probe – likely to take several months – will examine whether the application by Spain to rescue its flag-carrier infringes EU rules on state aid. It will be seen as a test of Brussels' commitment to air transport liberalisation.

The case follows several controversial payments to state-owned airlines last year. It is especially sensitive as this is the second time Spain has requested permission from the Commission to bail-out the carrier. Three years ago the Commission authorised a Pta120bn capital injection for the airline. Approval from the Commission a second time would therefore contravene its commitment to so-called "one-time last-time" payments to assist long-term restructuring plans.

Mr Juan Manuel Eguiagaray, the Spanish industry minister, yesterday raised the stakes by claiming refusal to grant the aid would be "unacceptable".

"We could never accept an interpretation of the treaty that makes it impossible to give state aid to Iberia," he said, following a meeting with Mr Kinnock in Brussels.

Madrid has cited the sharp fall in the peseta as a key reason why its application for state aid should be allowed and has said that, without it, the company risked bankruptcy.

Meanwhile, Alitalia, the Italian state airline, is expected to seek permission from Brussels for a recapitalisation of about L1,500bn ($928.79m) as part of a restructuring programme now under way. Alitalia has repeatedly stated that the restructuring plan would meet the Commission's one-time last-time requirements.

Iberia submitted a restructuring plan and applied for new state aid in December last year. It later withdrew the request after it revised its cost-cutting plans following wildcat strikes which led to wage concessions and redundancies.

The decision to investigate the Iberia case has to be approved by the College of European Commissioners before it can formally be opened. A decision is unlikely to be made for several months.


Neil Kinnock: early test for new commissioner *Terry Kirk*

Ecu sets tills ringing at Belgian bank

One bank is determined not to be caught off guard, says Emma Tucker

There will be no dithering at Belgium's Kredietbank when, on Day One of the third and final stage of European monetary union, a hard core of countries irrevocably fix their exchange rates.

In what Mr Andre Swings, general manager at the Flemish bank, describes as a "pragmatic big bang", Kredietbank will account in the European currency unit, open accounts in Ecus, and dispense cash from machines displaying parallel transactions in Ecus and Belgian francs – services, which in some cases, are already on offer.

"You can go into any branch of Kredietbank in Belgium and say you want to open an Ecu account, and no one will look at you strangely," says Mr Swings. "They won't ask you, as Lloyds bank asked my wife in London, if you are talking about escudos."

To British Euro-sceptics for whom a single currency remains a far-off fantasy dreamt up by federalist enthusiasts, such advanced preparation may come as a surprise. But not in Belgium, famously pro-European and one of five EU member states expected to sign-up to a single currency, possibly in 1997, but more likely in 1999.

"We Belgians have long ago come to the conclusion that we are not the centre of the world, unlike the Germans and the British," says Mr Swings. "So as a Belgian bank we have long been active in many foreign currencies and it was years ago that we decided that all our computer systems should be multi-currency."

Today, about a quarter of the bank's foreign exchange business is carried out in Ecus providing, alongside the dollar, most of the dealing-room's profits; the daily average turnover in the European unit is between Ecu12bn and Ecu14bn ($14.9bn-$17.4bn) and Kredietbank acts as an unofficial "central bank" for Ecus, soaking up overnight what is left in the market.

But its commitment to a single currency came long before the days of multi-currency computers and million Ecu deals. In the 1950s, frustrated by Belgian foreign exchange regulations, the then president of Kredietbank, Mr Fernand Collin, decided to pursue the idea of the European payments unit – a system created in 1951 by the monetary authorities of 17 central banks but disbanded in 1958.

The bank set about commercialising its own invention – the European unit of account – and in January 1961 attracted its first client: Sacor, a Portuguese oil refinery that had virtually no access to international capital. Kredietbank issued a bond denominated in the European unit of account, worth the equivalent of $5m and which ran for 17 years. "We created a kind of currency but we called it a European unit of account. It did not physically exist but we accounted in it," says Mr Swings.

The practice continued for 20 years, with other banks gradually making use of the idea. A year after the Ecu basket of currencies was born in 1975 as the linchpin for a fledgling European monetary system, Kredietbank opened its first Ecu account – a time deposit account for the European Commission. A few years later it dropped its own creation to concentrate on the Ecu.

Mr Swings, who saw the whole process evolve, is today a personal crusader for a single European currency. When he travels, he carries Ecu travellers' cheques; in his wallet lies a gleaming Ecu Visa card; and employees who travel on business in Europe are charged with three tasks. They must take Ecu travellers' cheques with them, they must attempt to pay their hotel bills with them, and they must report on the results to Mr Swings.

But he is worried that other European banks have not yet caught on. "The pragmatic big bang scenario could be perfectly applied by one bank quite on its own," he said in a recent speech in Paris. "Yet it would clearly be beneficial to the whole Union if it were to be applied by as many banks as possible in as many EU member states as possible. I am confident my bank will be ready in time. Will yours be too?"

CIS unity ritual will mask two-tier divide

John Thornhill and Chrystia Freeland preview the summit of the former Soviet republics

When he opens the summit meeting of leaders of the Commonwealth of Independent States in Alma Ata today, Kazakh President Nursultan Nazarbayev is likely to push his vision of a closely knit "Euro-Asian Union" along the lines of the EU.

Although the meeting is likely to conclude with the ritual avowals of ever closer co-operation among all 12 members, behind closed doors CIS leaders are expected to move further towards the creation of a two-tier union.

The troika at the heart of the inner tier is Russia, Kazakhstan and Belarus. The three republics took a formal step towards Mr Nazarbayev's cherished vision of integration last month, with the creation of a customs union. Last month Kazakhstan and Russia took the radical decision to combine their armed forces.

For Russia, which has been offended by western criticism of the war in Chechnya, closer ties with its former Soviet comrades has taken on a fresh appeal. While some CIS states are likely to raise gentle objections to Russia's intervention in Chechnya, the summit offers President Boris Yeltsin a valuable opportunity to show that the Kremlin is still conducting business as usual and that the Russian Federation, rather than losing control of regions within its own borders, is actually cementing ties with other former Soviet republics.

But Ukraine, whose participation is vital if the full Euro-Asia union Mr Nazarbayev advocates is to emerge, is likely to balk at any serious surrender of national sovereignty. This would have the effect of creating a second tier of more loosely affiliated republics within the CIS. At a preliminary meeting of foreign ministers yesterday the Ukrainian and Azeri ministers led opposition to closer union.

The often chilly relationship between Ukraine and Russia warmed earlier this week, when deputy prime ministers from the two countries initialled a friendship treaty, due to be signed by the two Slavic presidents at a summit meeting. But although the treaty was described by one Ukrainian leader as "a big step towards integration", in reality the draft was initialled only after Russia conceded on two points which the Ukrainians saw as vital to protect their sovereignty.

A fundamentally different attitude towards Russia continues to divide those CIS republics, such as Kazakhstan, which hope for closer integration and the more independently minded states, led by Ukraine.

Ukraine, which spearheaded the creation of the CIS in 1991 as a mechanism for dissolving the Soviet Union, continues to view Russia's dominant position in the region as a potential threat. Mr Leonid Kuchma, the Ukrainian president, who campaigned last year on a pro-Russian platform but has since been adamant in his defence of Ukrainian sovereignty, voiced these fears in an interview earlier this week.

"At the moment we are playing with one set of goalposts. Russia is standing at the penalty spot and scoring goals against everyone," Mr Kuchma said. Closer integration would be possible, he said, only after the CIS states had developed roughly similar economies, but for the time being Ukraine would focus on bilateral relations.

As the second most powerful state in the former Soviet Union, Ukraine has the clout to buck the re-integrationist trend. But for weaker states such as Kazakhstan or Belarus, closer ties to Russia within the formal equality of the CIS are an appealing alternative to the effective domination which Russia already exercises.

With a large ethnically Russian population which intermittently expresses a desire to separate from Kazakhstan and join Russia, Kazakhstan is in a particularly vulnerable position. Mr Nazarbayev's long-standing strategy to defuse these separatist tensions has been to lead the call for re-integration, but through an organisation in which Kazakhstan would have at least some formal measure of equality.

While some moves towards closer military and foreign policy co-ordination are likely today, experience suggests the CIS will remain a cardboard cut-out for some time to come.

"The experience of the CIS up to now is that not a single decision taken is working," said Mr Kuchma.

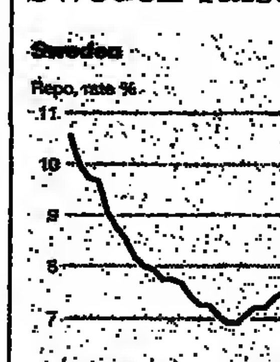
The Ukrainian leader's sceptical view was echoed by western diplomats in Moscow, who suggested that no matter how many documents are signed at this CIS summit, actual implementation is unlikely.

Chechnya's other loser, page 13

Commonwealth of Independent States

ECONOMIC WATCH

Sweden raises rates again



Sweden's central bank yesterday raised short-term interest rates for the fourth time since August. The move was in response to fears of resurgent inflation, despite government forecasts that price rises this year will remain within the bank's target ceiling of 3 per cent. The Riksbank raised its key "repo" – or repurchase – rate by 20 basis points to 7.80 per cent and simultaneously adjusted upwards the floor and ceiling of its short-term interest rate "corridor" by 50 basis points, setting deposit rates at 6.50 per cent and lending rates at 8.50 per cent. The bank said inflationary pressures and expectations had resulted from an upswing in the economy. Any misgivings the Social Democratic government has about Riksbank policy will be softened if the short-term rate rises help cut long-term rates, which stand more than 3 percentage points above benchmark German rates, threatening to choke off growth. *Hugh Carnegy, Stockholm*

■ French industry – especially the car, semi-finished goods and consumer goods sectors – expects its investment to rise by 14 per cent this year after falling 4 per cent in 1994, a survey of business leaders by Insee, the national statistics office, showed. Another Insee survey showed that French consumer confidence fell in January to minus 21 per cent from minus 17 per cent in December.

■ Poland had a current account deficit of $198m in December, bringing the shortfall for the whole of 1994 to $944m.

■ Consumer prices in Bulgaria rose 3.9 per cent in January from December, when prices climbed 5 per cent.

NEWS: EUROPE

Greeks veto EU-Turkish customs deal

By Caroline Southey in Brussels

The Greek government yesterday dealt a blow to European Union efforts to break the deadlock over an EU customs union with Turkey by rejecting a provisional agreement reached earlier this week.

A deal struck in principle by foreign ministers on Monday would have led to Greece lifting its veto on an EU-Turkey customs union in return for a timetable for Cyprus joining the EU around the turn of the century.

"We studied the issue assiduously and the position of the Greek government is negative," Mr Evangelos Venizelos, the Greek government spokesman, said after a cabinet meeting.

A Greek spokesman in Brussels said Athens required concessions on four points. The first two related to the accession talks. Greece wanted a definite undertaking that negotiations on Cyprus's accession would begin six months after the completion of the EU's inter-governmental conference, as well as a structured procedure for accession similar to the enlargement arrangements for eastern and central European countries.

The Greek government also wanted mention of specific sums of money to be excluded from a Ecu1bn (£790m) EU financial aid package agreed for Turkey, as well as financial assistance to help restructure Greece's textile industry. "If these points are not met, our veto stands," the Greek spokesman said.

The objections surprised officials in Brussels where negotiations were taking place yesterday among permanent representatives of the member states.

Although the agreement was subject to approval by the governments of the 15 member states, there was general optimism that the deal could be signed on March 6.

"There may be some room for manoeuvre on textiles. But objections to money go to the heart of the agreement and Greek intransigence on this could lead to the deal being derailed," an official close to the talks said.

However, he said the strong hope was that the member states could still reach an agreement as "great advances" had been made in the talks so far.

John Barham in Ankara adds: Mr Murat Karayalçin, Turkish foreign minister, said last night: "We think this is a situation between Greece and the European Union. This an internal development that Turkey cannot evaluate."

From this it can be inferred that Mr Karayalçin believes the arrangement agreed at Monday's meeting of EU foreign ministers still stands. According to the Turks, it is up to the other 14 EU members to make Greece toe the line.

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Italian duo who are no longer in league

Robert Graham reports on the formal split facing the Northern League after its brief taste of power

The political aftershocks of the downfall in December of Mr Silvio Berlusconi's government in Italy are likely to spread further this weekend when a latent split in the Northern League of Mr Umberto Bossi is expected to be formalised at a three-day congress in Milan.

A significant minority has signalled its dissent with the position of Mr Bossi, who forced the resignation of the Berlusconi government by pulling out of the right-wing coalition. This group, led by Mr Roberto Maroni, the former interior minister and long-time friend of Mr Bossi, has organised a rival congress in Genoa on Sunday.

The breakaway faction believes their future lies with the centre-right alliance led by former prime minister Berlusconi, the leader of Forza Italia. Mr Bossi, still committed to creating an Italian state with power devolved to the regions, says he will remain in the centre and seems ready for a return to the political wilderness from which he emerged four years ago.

The 58 year-old political leader has indicated he will offer to resign before the congress. But supporters see this as a tactic to head off criticism of his highly personalised leadership and his decision to sabotage the Berlusconi government in which the League had five ministers.

Better days in the Northern League for Umberto Bossi (left) and Roberto Maroni. At the weekend they are holding rival congresses

Mr Bossi played a vital role in bringing about the collapse of Italy's discredited post-war political system. But the break-up of the League will radically reduce the influence of the movement, both in its electoral heartland of northern Italy and in national politics. Italy's new first-past-the-post electoral system is pushing the parties into two broad electoral alliances. A smaller, more isolated League, could encourage the re-emergence of separatist tendencies espoused by a hard-core of supporters.

The League was formed by Mr Bossi and a small group of friends in the early 1980s in the rich industrial towns around Milan as a regional autonomy movement. Mr Bossi's message, propagated with the scarcest of resources, was simple: the corrupt politicians in Rome were syphoning off hard-earned savings from the north to underwrite the idle unproductive south. He proposed greater regional autonomy and a vote for a new political force that would oust the long-ruling Christian Democrats and Socialists.

In the 1987 general elections, the League returned one deputy and one senator(Mr Bossi). By the next election in 1992, the League presence had swelled to 55 deputies and 25 senators, taking away a large slice of the former Christian Democrat and Socialist vote in the north, and appealing especially to small businessmen and the self-employed.

With strong roots in Lombardy, the Veneto and Piedmont, plus an expanding presence in Liguria and Emilia Romagna, the League was an essential ally for Mr Berlusconi's political ambitions, and the media magnate accepted that 75 per cent of the candidates in the North be of the League in the March 1994 general elections. As a result, a purely regional movement, which won less than 9 per cent of the national vote, returned 117 deputies and 60 senators to parliament.

This anomalous situation created permanent tension between Mr Berlusconi as prime minister and Mr Bossi as the League's leader. Mr Berlusconi regarded the League deputies as elected by his votes and treated Mr Bossi as a querulous subordinate. Mr Bossi could only assert his strength by continuous threats to withdraw his support. The showdown came in December when Mr Bossi tabled a no-confidence motion against the government.

Yet if he hoped the collapse of the government would initiate the disintegration of Mr Berlusconi's year-old Forza Italia – with part going to the League – Mr Bossi has been proved wrong. Forza Italia has held together and it is the League which has split.

Even before the year-end a steady stream of deserters had left, and now 50 of the 177 parliamentarians have realigned. The bulk have formed temporary independent groups. On their own and without the charismatic appeal of Mr Bossi, the League dissidents stand little electoral chance. Mr Bossi, meanwhile, must chose between being a minor player in a new centre-left alliance or going it alone.

Dasa may fight BAe over new aircraft role

By Bernard Gray, Defence Correspondent

Daimler-Benz Aerospace, the aircraft subsidiary of Daimler-Benz, is likely to fight against British Aerospace for the lead role on wings for the proposed Future Large Aircraft (FLA) military transporter.

It had been expected that BAe would be allocated the design work on the FLA's wings, following the UK's decision in principle to rejoin the programme last December.

The FLA project is to be managed by Airbus Industrie, and BAe has designed and built wings for previous generations of Airbus airliners. The company has a large wing design team and factory at Chester in Britain, and part of the justification for rejoining the project was to protect BAe's leading role in wing design.

The UK defence procurement minister, Mr Roger Freeman, said last week that Britain was likely to rejoin before the end of the year provided cost and design criteria for the FLA were met.

> Executives at Dasa have told BAe and Aérospatiale that Dasa intends to become the 'premier aerospace company in Europe'

Dasa was known to have been keen to complete the wing design work on FLA. It now appears that its disappointment is sufficiently strong to force a competition for who should supply the FLA's wings. A similar competition was held between the two companies for the design lead on the Airbus A330/A340 family of civil airliners, which BAe won. However, Dasa is thought to be even more determined to win wing work now, because it increasingly resents being forced to do what it regards as mundane work manufacturing fuselages for Airbus, while France and the UK control the more advanced technologies of cockpit and wing design.

According to some views, Dasa is intent on gaining the technical abilities to manufacture all parts of aircraft, giving it primacy within Airbus and the ability to go it alone if it so chose.

However, a Dasa spokesman rejected that idea, saying: "We at Dasa are good European partners."

Despite that, Dasa executives have told executives at BAe and Aérospatiale that Dasa intends to become the "premier aerospace company in Europe".

The agreement to place the assembly of the A321 airliner at Dasa's plant in Hamburg was the first step in its expansion plans; obtaining the wing manufacture of the FLA is intended to be the next move.

If Dasa does choose to push hard for the FLA's wings, it will meet stiff resistance from BAe, provoking a fight which could be divisive within the Airbus consortium. British ministers have also expressed strong support for its wing technology. "BAe's plant at Chester is very impressive, and I can see little economic point in duplicating that ability elsewhere in Airbus," said Mr Freeman.

The German ministry of defence also privately acknowledges that there is little justification for a second Airbus wing plant for the FLA.

However, Dasa feels under threat as the prospect of a reduced level of work in its other large military project looms.

Germany now seems likely to order only 140 of the next generation of the Eurofighter, rather than the 250 originally planned. Unless a compromise is reached, that could cut Dasa's share of the production work from 33 per cent to 24 per cent.

NEWS: ASIA-PACIFIC

Rao reshuffles cabinet as elections loom

By Shiraz Sidhva in New Delhi

Mr P V Narasimha Rao, India's prime minister, yesterday reshuffled his cabinet as state elections which could determine the future of his Congress (I) government got under way.

Five new ministers were appointed to a cabinet depleted by a string of sackings and resignations following Congress's defeats in regional polls last November. The reshuffle is the second since Mr Rao became prime minister in 1991.

Mr Rao is under pressure to strengthen his grip on a party torn by dissent. Earlier this week his leading critic, Mr Arjun Singh, was expelled from the Congress party after resigning from the cabinet in December.

Mr Rao has recalled to cabinet Mr Madhavrao Scindia, an Oxford-educated scion of the ruling family of Gwalior and a loyal Congress stalwart.

Mr P Chidambaram, a Harvard-educated lawyer and former home, personnel, and commerce minister, is appointed a minister of state. Mr Chidambaram is widely edmired in industry for his strong sdvocacy of India's economic reform programme.

Mr Chidambaram resigned as commerce minister in 1992 after disclosing that his wife had bought shares in a company implicated in the $1.3bn Bombay stock market scandal.

Mr Scindia quit as civil aviation minister in January 1993 after accepting moral responsibility for the crash of a Russian aircraft leased by the government-owned Indian Airlines.

Other cabinet appointments include Mr Buta Singh, a former homs minister in Rajiv Gandhi's government, and Mr Ajit Singh, a former industries minister in Mr V P Singh's Janata Dal government in 1989. Mr Singh's elevation is seen as a reward for supporting Mr Rao in a crucial no-confidence vote in December 1993 when he and 12 MPs joined the Congress (I) party.

Two ministers of state, Mr P A Sangma, junior labour minister, and Mr G Venkataswamy, have been elevated to cabinet rank.

The new incumbents were sworn in by President Shankar Dayal Sharma yesterday, but their portfolios have yet to be announced.

WORLD BANK FINALISES $700m BANK REFORM PACKAGE

The World Bank has finalised a $700m (£452m) loan package to help reform India's state-owned banks, Reuter reports from New Delhi. The package, India's largest World Bank loan, will help restructure the capital of six public sector commercial banks and offer them technical assistance.

A contingency facility will assist the development of the foreign exchange market in India, according to a government statement.

The six banks are Bank of India, Allahabad Bank, Dena Bank, Indian Bank, Syndicate Bank and Indian Overseas Bank. Total assistance for the participating banks for capital restructuring is $300m and for technical assistance $150m. Between them, the banks lost Rs25.67bn (£534m) in the 1993-94 (April-March) financial year.

According to the statement, the loan "will enable the banks to upgrade management systems, improve efficiency and, through a public equity issue in future, reach the capital adequacy norms which have been adopted in India as per international standards."

The contingency facility "will provide eligible banks liquidity assurance to assist an orderly development of the foreign currency lending market by offering them an option to borrow funds under stipulated conditions during financial market disruption".

The loan "will also assist the country in sustaining financial liberalisation, institutional development of public sector commercial banks and integration into global capital markets".

How Malaysia discarded its fear of China

A new alliance is emerging to counter western influence. **Kieran Cooke** reports

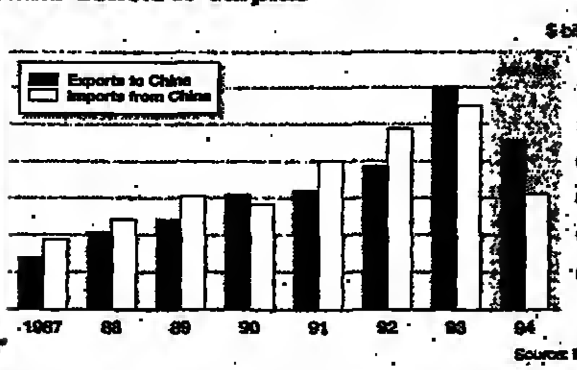
Not so long ago Malaysia was deeply suspicious of China. There were few contacts between Kuala Lumpur and Beijing. Visits to China by Malaysians were strictly controlled.

In a change as profound in its way as the breaking down of barriers between west and east Europe, old regional perceptions and paranoias have been jettisoned.

Now Dr Mahathir Mohamad, the Malaysian prime minister, talks of the deep friendship between Kuala Lumpur and Beijing. "We no longer regard China as a threat," Dr Mahathir told a recent Malaysia-China forum in Kuala Lumpur. "We prefer to see China as a friend and partner in the pursuit of peace and prosperity in the region."

Malaysia's trade with China: deficit to surplus

Prime minister Mahathir Mohamad: "We no longer regard China as a threat"



Malaysia, along with other countries in south-east Asia, was once concerned about the threat of China expanding its political and military influence in the region.

The traditional view was that China might use the region's sizeable community of Chinese – the *hua chiao* or overseas Chinese – to export communism and revolution. Malaysia, where the economically powerful Chinese make up about 35 per cent of the population, was concerned that any growth in China's influence in the country would lead to bloody inter-racial strife with the majority Moslem Malays.

Malaysia and China are also involved in territorial disputes along with several other countries in the region over the Spratlys, a group of islands in the south China sea.

But these problems have been hrushed aside and a new relationship has blossomed. The opening up of China's economy has been one reason for the change. Cash-rich Malaysian companies, often controlled by Malaysian Chinese with old family ties in China, have rushed into China in search of contracts. Companies from China are also investing in Malaysia: recently released statistics show that China-based concerns have invested more than M$560m (£140m) in projects in Malaysia.

But Dr Mahathir not only sees China as a business opportunity. He also judges Beijing to be a vital ally in what he sees as a battle between the developing and developed world and, more specifically, a battle pitching the emerging economies of east Asia against the US and Europe.

Dr Mahathir's vision of the world is straightforward enough: the countries of the west, frightened by east Asia's economic success, are out to undermine the region. Various weapons are employed: the west tries to interfere in the internal affairs of east Asian countries. It talks sanctimoniously about the environment and human rights. Worst of all, it seeks to use trade issues and form trading blocs to slow the east Asia economic express.

"Their objective is transparent" says Dr Mahathir. "They do not wish developing countries to continue to be competitive."

From Delhi to Tokyo, Dr Mahathir trumpets his theories. They find a ready response in many countries. The message is that this newly confident, economically successful region can teach the world a thing or two. In Japan a book, An Asia That Can Say No: A Card Against The West, written jointly by Dr Mahathir and Mr Shintaro Ishihara, a popular right-wing Jspanese politician, has become a best seller.

In Beijing, Dr Mahathir's views find an enthusiastic audience. Malaysia has been a strident critic of western attempts to link China's human rights record to trade. It has also been a keen supporter of China's attempts to join the World Trade Organisation.

In return, China has lent its support to the Malaysia-inspired idea of an East Asia Economic Caucus (Eaec), an economic grouping to link the region's economies. Dr Mahathir sees the Eaec as a vital counterweight to what he perceives as trade blocs emerging in Europe and North America. The Eaec – one commentator referred to it as a "Caucus without the Caucasians" – would group the countries of east Asia including China, and Japan, but exclude those which Malaysia feels do not belong in the region, mainly the US and Australia.

The Eaec has become a central plank of Malaysian policy. On a recent visit to Japan the Malaysian leader offered his hosts a deal: say Yes to the Eaec and the war will be forgotten. "If you really wish to made amends for your past, this is your chance," said Dr Mahathir. "If you think that we should co-exist then the Eaec is a step towards co-existence, towards mutual help, towards closer and more meaningful relations among east Asians."

Though Malaysia has expended considerable diplomatic energy on the Eaec, the idea has still not got off the ground. Japan does not want to risk offending the US, which has been firmly opposed to the caucus. Other countries in the region, notably Indonesia, have givsn only a lukewarm response to the Malaysian proposal.

Dr Mahathir is now turning more and more to China for support. Hardly a week goes by without some high-ranking Malaysian delegation visiting Beijing. Old fears about Chinese expansionism have apparently disappeared. A new alliance is being built in Asia.

ASIA-PACIFIC NEWS DIGEST

Japan to budget for Kobe aid

Mr Tomiichi Murayama, the Japanese prime minister, yesterday said his government plans to draft a new supplementary budget by the end of this month to finance the reconstruction of the Kobe area devastated by last month's earthquake. But he again refused to rule out the possibility of tax increases as a means of paying for the repairs.

Mr Murayama, speaking at a press conference, said the supplementary budget, which he hoped would be ready by February 24, would include funds for the construction of temporary houses for the victims of the January 17 earthquake, and the disposal of rubble and of damaged and collapsed buildings. He repeated his earlier denial of any plans to hasten the increase of consumption tax from the current 3 per cent to 5 per cent, planned for 1997, as a means of footing the bill. But the prime minister declined to comment on whether other tax increases were under consideration. "It is important to secure the sources of necessary money and it is also important to win public understanding of the matter," he said. Estimates of the earthquake damage range from Y9,500bn (£61.9bn) to Y15,000bn; more than half of which could fall to the government. *Gerard Baker, Tokyo*

China plans part in HK polls

The Xinhua news agency, China's *de facto* embassy in Hong Kong, has said it will play an active part in local elections in the colony next month and in September. Mr Qin Wenjun, s vice-director of Xinhna, said the agency would assist political parties in "inter-party co-ordination", a remark which suggests it will sdopt a much higher profile in local political affairs. Mr Qin's admission follows a call a week ago by another senior Xinhua official for "patriots" in Hong Kong to participate in polls next month and in September. Mr Qin said: "Everyone wants to see enthusiastic participation by local people in elections. And they also do not want to see all of the seats going to a single party." *Simon Holberton, Hong Kong*

Australia-NZ relations 'at low'

Relations between Australia and New Zealand have sunk to an all-time low, Mr Don McKinnon, New Zealand's foreign minister, warned in Sydney last night. Mr McKinnon's comments are the bluntest acknowledgment yet that a recent dispute between the two countries over aviation access, and lack of follow-up progress on the Closer Economic Relations (CER) free trade deal, have seriously jeopardised Trans-Tasman relations. The impasse bodes ill for the Asia-Pacific Economic Co-operation (Apec) Forum, he added. "Certainly in the last three months, New Zealand cabinet ministers ... say that we have reached an all-time low in the relationship with the Australian government. I cannot make it any clearer than that," he said. *Nikki Tait, Sydney*

Fears of Australian rate rise

Fears that Australian interest rates may rise again in the medium term were reignited yesterday after monthly wages data started to show signs of wage inflation. Average weekly ordinary-time earnings of full-time adults rose by 1.6 per cent in the three months to November, bringing the increase over the past year to 4.2 per cent. The annual rate of wage inflation had previously stood at about 3 per cent, and the 1.6 per cent rise for the quarter was well above market expections. Concern about wages was partly allayed by the January jobs data – unemployment edged up to 9 per cent, having fallen from 9.3 per cent in November to 8.9 per cent in December on a seasonally adjusted basis. *Nikki Tait, Sydney*

NEWS: INTERNATIONAL

In unchanged Gaza, talk is of a second intifada

David Gardner visits the Palestinian city where many say that the peace and Arafat are failing

The only grass now growing in Gaza City is in the cemeteries.

The talk in this teeming, dirt-poor strip of land where Palestinian hopes of statehood are making an unpromising start is of a second *intifada*, the six-year long uprising which led Israel to conclude it could no longer hold on to the territories it conquered in the 1967 six-day war.

The peace process between the Palestine Liberation Organisation and Israel brought PLO leader Yassir Arafat back to the Gaza Strip and Jericho in the West Bank eight months ago to set up the first shaky foundations of his incipient Palestinian Authority. By now, Israel should have pulled back its troops on the West Bank to allow the Authority's "autonomous" power to spread and the PLO to seek legitimacy through elections.

Instead the peace process looks paralysed and the mood is ugly on both sides. Israel continues to expand its settlements around Jerusalem and in the West Bank, where they loom from hilltops like crusader castles. In the Gaza Strip itself, Israel still maintains 18 settlements, provocative little islands of prosperity in a sea of misery.

A Palestinian policeman prevents Gazan labourers from trying to get to their jobs in Israel *Reuter*

Islamist radicals, who in any case reject the peace process as a sell-out, have launched suicide bomb attacks in the heart of the Jewish state. The most recent, on January 22 at Netanya, north of Tel Aviv, killed 21 Israelis.

In response to the attacks, the Israelis have sealed off Gaza and the West Bank for a total of eight weeks since the Authority arrived. This starves the prostrate Palestinian economy of wages earned across the borders in Israeli construction, services and agriculture, estimated by the government to be worth $700m in a full year.

Moreover, Mr Arafst's administration, packed into makeshift buildings and lurching from one emergency meeting to another, has the sppearance of s shambles, its most manifest presence being 14,000 heavily armed police.

In the refugee camps people routinely describe as corrupt the well heeled, well armed "outsiders" Mr Arafat hrought from the PLO'a Tunis headquarters. The promised flow of international aid trickles in too slowly to give Gazans any feeling that the peace process is improving their living standards.

"Pesce is made on the ground," says Mr Saeh Erakat, the Authority's minister for local government and elections. "The people of Gaza and Jericho are unable to feel the difference."

One Palestinian UN official says of the Authority: "They fight for their own position, to be princes, not for those who actually brought them here."

A native of Jabalia camp where the *intifada* started, he says: "I expect a social revolution within less than two years," and "it will turn against the Authority, which will behave just like any other Arab government."

More lurid predictions come from Dr Mahmoud Zohhar, the public face of Hamas, the largest Islamic fundamentalist group in the territories, which PLO officials and local academics reckon has about a third of popular support compared with abont half for Mr Arafat's Fatah faction.

"I think a new *intifada* will start," he says, scenting his and his visitors' hands with jasmine in his office at Gaza's Islamic University, the finishing school of scores of Hamas cadres. "The peace process will collapse, but it takes time; we are not hurrying."

Between marking medical exam papers, Dr Zohhar describes the suicide bombings as "the normal escalation of defence", after Israeli occupation forces shot down protesters in the *intifada*.

The hardship and bitterness on which Hamas feeds means it cannot confront Mr Arafat openly or make sabotage of the peace process its main aim, so long as there is any hope of success. Much of its support depends on the perception that peace and Mr Arafat are failing.

Indeed, Dr Zohhar's formal position is disarmingly close to mainstream Palestinian opinion, calling for Israeli withdrawal to pre-1967 borders and "the right to elect our own representatives; nons of us elected Yassir Arafat".

Mr Arafat's supporters insist he wants the elections which the Israelis put off last July held soon. "We cannot have one man giving legitimacy to a government," says his spokesman, Mr Marwan Kanafani. "It must be the other way round."

But Mr Yitzhak Rabin's government insists Mr Arafat first establish his legitimacy as s peace partner by cracking down on Hamas and ths more radical Islamic Jihad organisation, responsible for the Netanya bombing. PLO officials view this pressure as self-serving, an attempt by Israel to use the Authority to crush forces it could not control in the territories, nor now, within Israeli borders.

Mr Rashid Abu Chapak, deputy chief of the Authority's intelligence service, acknowledges that illegal guns in Gaza are "still a problem", but these were there when Israeli forces left. His service has detected 30 operations against Israel out of Gaza in the past six months, and says that those caught will be tried and sentenced. But Mr Chapak insists that "the way to deal with Hamas and Islamic Jihad is not to try to crush them, but to fasten on to their more reasonable points of view. Repression would reinforce their popularity."

Mr Kanafani says: "We have not fought for so long to have a civil war now." At first he dismisses talk of a new *intifada*, but then concludes that "we're on the verge of an uprising, or of making the whole thing work."

Mr Erakat is also uncomfortable with the idea, but warns that "if this peace process collapses, the consequences will be much more than an *intifada*, and for the whole region."

Angola prepares for a second chance at peace

By Michael Holman, Africa Editor

With the scepticism of guests attending the wedding of a couple notorious for their rows and frequent infidelities, the United Nations this week agreed to give Angola's warring parties a second chance.

"Our message to all parties is very clear: do not make a serious mistake at this crucial time," said US ambassador Madeleine Albright.

For the second time in three years, the world body agreed to monitor Angola's transition from civil war to multi-party democracy. The UN will soon begin the phased despatch of 7,000 troops and civilians to Angola.

For the UN, it is a chance to restore a reputation dented by the failure of its efforts in Somalia. For Angola, it may be the la t chance for peace after 20 years of conflict.

It is remarkable that the peace process has got this far. When African leaders arrived in the Zambian capital Lusaka last November to witness the signing of the peace agreement, it already seemed in danger of collapse.

But on the eve of the signing, and behind closed doors, President Robert Mugabe of Zimbabwe bluntly warned Angola's President Eduardo dos Santos that his army, which had launched a ferocious onslaught on Unita bases, was threatening the peace pact that was vital to the region's hope for prosperity.

The lecture from a peer with whom he had much in common – both leaders are at heart autocratic and socialist, both have become reconciled to democracy and economic reform – may well have tipped the balance in Angola's precarious peace process.

Adding weight to Mr Mugabe's strictures was the support of Africa's elder statesman, President Nelson Mandela of South Africa, and fellow leaders of the rest of the front line group of southern African states. It gave Mr dos Santos pause for thought, say officials who were present. And while Unita's Mr Jonas Savimbi did not attend the Lusaka summit, the signing went ahead.

All sides have learned from past experience, and new factors are at work.

It has not only been weariness of a war that neither side can definitively win which has brought lasting peace within reach, or the end of the super power rivalry which meant the loss of powerful patrons – the Soviet Union and Cuban troops who backed the ruling MPLA party, and the US and South Africa, who supported Unita.

Since the UN's abortive efforts in 1992 to supervise Angola's transition to peace and democracy, the region itself has changed dramatically.

Joined by the giant that was once an adversary, southern Africa's leaders are attempting to impose a regional security pact driven by common interests.

At the same time, the UN itself has learned from experience. Only 700 or so UN troops and officials were involved in the last exercise, woefully inadequate for the task. This time, the UN force should be adequate, though UN officials acknowledge that funding the exercise could prove difficult – particularly if it fails to win support from US Republicans, notably Mr Jessie Helms, chairman of the Senate foreign relations committee, and long time supporter of Mr Savimbi.

Another reason for optimism lies in the structure of the new settlement.

Had the 1992 election not been based on what amounted to a winner-take-all outcome, his supporters may have had second thoughts about resuming the guerrilla war. The renswed peace deal, however, provides for a guaranteed place for Mr Savimbi and Unita in the administration and integrated armed forces.

Yet it remains far from certain that Mr Savimbi will honour his part in the process as long as his answers about his intentions remain ambivalent. The old axiom about second marriages may yet describe Angola's latest peace effort: a triumph of hope over experience.

INTERNATIONAL NEWS DIGEST

Kyrgyzstan, EU sign 10-year deal

Kyrgyzstan signed a 10-year partnership and co-operation deal with the European Union yesterday covering political, economic and commercial relations. The accord, due to come into force within two months of ratification, was signed by ambassadors at a brief ceremony. The accord underlines the need to uphold democratic principles, human rights and build the market economy, but it also stresses the necessity of developing relations between the members of the former Soviet Union.

Mr Askar Akayev, Kyrgyzstan's president, has won backing from international institutions for introducing a bold economic reform programme. Elections, held last Sunday following his dissolution of a parliament elected in Soviet times, were inconclusive. A second round is due on February 19.

On trade, the accord grants both sides most favoured nation status, grants Kyrgyzstan a three-year transitional period during which it can also offer advantageous trade terms to other former members of the Soviet Union and abolishes quantitive restrictions between the EU and Kygyzstan. The accord also liberalises transfer payments and capital movements, stresses intellectual property rights and urges co-operation in a range of areas. *Foreign Staff*

Mali gold mine to reopen

Ghana's Ashanti Goldfields and Johannesburg Consolidated Investment (JCI) of South Africa have won mining and exploration rights for the Kalana gold mine in southern Mali, s government statement said. The mine closed in 1991 due to bad management, but still had an estimated 40 tonnes of gold, Mr Cheikna Diawara, mines minister, said. Production at Kalana started in 1984 under Russian management, but they later pulled out of the operation. The terms of the deal were not immediately available. *Reuter, Bamako*

Egypt sell-off oversubscribed

A privatisation offering of 100,000 shares in a mainly state-owned Egyptian clothes company was 25 per cent to 50 per cent oversubscribed in one day of business, one of the stockbrokers handling the sale said yesterday. The sale, on behalf of the Egyptian state's Textile Industries Holding Company, was by sealed bid, with a minimum price of E£200 (£37.38) a share. The highest bidders will receive all the shares they applied for, at the price they bid.

The Kabo offering was the first of its kind in ths Egyptian government's privatisation programme. Shares have previously been sold to the public through banks at a fixed price or to other companies after private negotiations. Kabo, which makes underwear for large well-known European retailers and the Egyptian market, made a pre-tax profit of E£31.5m in the financial year 1993/4 on total sales of E£129.5m. *Reuter, Cairo*

Zambia acts on corruption

Zambian President Fredrick Chiluba, whose government has been plagued by corruption charges, yesterday ordered all his ministers and members of parliament to declare their assets and liabilities within 48 hours. It was not clear what had prompted the sudden move, but Mr Chiluba's government has been regularly accused of corruption since it came to power in November 1991. Mr Chiluba, who faces an election next year, last week said that unless his Movement for Multi-party Democracy (MMD) instilled discipline in the party and government, they could forget about a second term in office. The order is, however, being connected to the president's firing two weeks ago of his lands and natural resources minister, Chunlu Kalima, for "gross indiscipline and irresponsibility". *AFP, Lusaka*

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House passes bills in anti-crime drive

By George Graham in Washington

Republicans are pressing ahead witb their drive to rewrite the crime bill President Bill Clinton pushed through Congress last year, winning extra votea from southern Democrats to crush dissent from more left-wing Democratic members.

Although the Republicans' Contract with America proposed a single crime bill, the "Taking Back Our Streets Act", legislative action has been split into separate bills.

Congressman Henry Hyde, chairman of the House of Representatives judiciary committee, opened proceedings this week with the victim restitution bill, which would require courts lo order criminals convicted under federal law to pay compensation to their victims. The measure was passed by 431 votes to none.

But the Republican package became more controversial when debate moved on to bills to curb the *hobeas corpus* rights of prisoners sentenced to death and to weaken the exclusionary rule protections provided by the Fourth Amendment to the Constitution against unreasonable search and seizure.

The *habeas corpus* bill, passed by 297 votes to 132, would impose a one-year limit for appeals to federal courts by prisoners sentenced to death by state courts. In exchange, the Republicans offered one additional safeguard against miscarriages of justice by tying the time limit to a requirement that states provide adequate legal counsel.

Debate took a turn through the looking glass when the exclusionary rule bill came up. This measure would allow wrongfully seized evidence to be used in court, provided police had an "objectively reasonable belief" that they were acting properly.

Mr Newt Gingrich, Republican Speaker of the House, has urged his followers to read the writings of James Madison, the principal draughtsman of the bill of rights, at the foundation of the US, and later a president. However, the Republican majority voted down – when they were proposed as a Democratic amendment – Madison's words in the Fourth Amendment, whereby "the right of the people to be secure in their persons, houses, papers and effects, against unreasonable searches and seizures", was upheld.

Yet more bizarre: 73 pro-gun Republicans joined Democratic Congressman Harold Volkmer of Missouri, one of the National Rifle Association's staunchest pillars, to pass an amendment to ensure that the only law enforcement agency not to benefit by looser rules of evidence would be the Bureau of Alcohol, Tobacco and Firearms.

The bureau, which is already the target of gun lobbyists for its somewhat haphazard attempts to prevent illegal gun sales, has become a particular bugbear since its botched assault, in 1993 in Texas, on the gun-filled Waco compound of the late David Koresh, prophet of the Branch Davidian cult.

William Fulbright dead at 89


William Fulbright: Bowed out

Former Senator J William Fulbright, whose stirring criticism of the "arrogance of power" by the US during the Vietnam war made him a hero to activists half his age and anathema to the White House, died yesterday aged 89, after a stroke, AP reports from Washington.

He created, in 1946, the international programme to exchange students and scholars that continues with his name. More than 100,000 people from abroad have studied in the US, and more than 65,000 US students and professors have studied abroad, under the programme.

Fulbright's interest in international affairs had appeared early. Shortly after his election to the House of Representatives from Arkansas for the first time, in 1942, he crafted a 55-word resolution stating US support for an international peace-keeping organisation. The United Nations was established in 1945.

Fulbright won his Senate seat for the first time in 1944, after a primary campaign in which candidates tried to outdo each other in support for whites' privileges. He said later that this was the only way, in those times, to get elected in the US South.

His book, The Arrogance of Power, was published in 1966 when Fulbright was chairman of the Senate Foreign Relations Committee and the Vietnam War was under way.

It infuriated supporters of the war. "Gradually but unmistakably," he wrote, "America is showing signs of that arrogance of power which has afflicted, weakened and, in some cases, destroyed great nations in the past. In so doing, we are not living up to our capacity and promise as a civilised example for the world. The measure of our falling short is the measure of the patriot's duty of dissent."

He said: "The greatest threat to peace and domestic tranquility is not in Hanoi, Moscow or Peking, but in our colleges and in the ghettoes of cities throughout the land."

On Fulbright's staff in the 1960s was a fellow Arkansan, Bill Clinton, then a student at Georgetown University in Washington.

Fulbright's legislative career and his 30 years in the US Senate ended in 1974, when he lost the Democratic party's nomination in Arkansas to Governor Dale Bumpers, who went on capture the Senate seat.

After his congressional service, Fulbright became a lobbyist, representing various foreign interests, several from Arab countries, via his Washington office.

Squaring the Orange County loss

Richard Waters on the wind-up plan for the local authority fund that lost $1.7bn

Orange County took the first tentative step towards anding its bankruptcy earlier this week with a plan it hopes will square the interests of local residents with those of financiers on Wall Street. Judging by the cries from the financiers, it still has some way to go.

Tha aoutharn Californian county now says it lost $1.7bn in the bond markets last year, earlier estimated at more than $2bn. How it shares out those losses will be the subject of considerable jockeying before a plan can be put before the courts for approval.

Under the proposal put forward this week, the 186 different municipal and other authorities owed money by the county's investment fund would first get back the $5.9bn in cash left after the investment losses – equivalent to 77 cents in the dollar.

How – and when – the county repays the remaining 23 cents in the dollar is the hard part. It proposes to do this by issuing new 15-year bonds to its creditors and by extracting cash from the individuals and institutions it blames for the disaster.

Talk of a new class of securities is already making the county's existing bondholders nervous. "What concerns us is the creation of significant new financial obligations on the county, when they haven't made provision for satisfying their existing obligations," says Mr Charles Mires, an assistant vice president at Allstate, a US insurer which owns $30m of Orange County bonds.

The new bonds would rank alongside existing debts – though, in another move that makes the financial markets nervous, the county would have the option of financing them with an additional half percentage point on its local sales tax.

The county's school districts would receive most of these bonds, lifting their pay-ont level to 90 cents in the dollar. Others would be limited to 80 cents in the dollar (though the county itself, which invested $2.3bn of its own spare cash in the investment fund, would only receive the 77 cents cash).

Any further recoveries would coma through the courts. Mr Robert Citron, the county treasurer whose investment strategy led to the losses (after several years of superior investment returns) is among those being sued, as is Mr Michael Stameson, tha Merrill Lynch executive most closely associated with selling Mr Citron many of the investments on which tha county lost money.

Ultimately it will be the outcome of the county's court action against Merrill Lynch, which its lawsuit accuses of a high-stakes gamble with taxpayers' dollars, that determines how much is recovered

Ultimately, though, it will be the outcome of another action – that against Merrill Lynch itself – that determines how much is recovered. The US's biggest securities house stands accused of masterminding what the county'a lawsuit says "amounted to a multi-billion high-stakes gamble with taxpayers' dollars on the direction of future interest rates". The firm encouraged the county to borrow some $13bn to leverage its bet on interest rates, as well as selling it investments which were not allowed under state law, according to the action.

Merrill, for its part, has consistently maintained that it was not acting in the capacity of an adviser to the county. Also, it says it warned Mr Citron about the riskiness of his investment strategy on a number of occasions dating back to early 1992.

The plan to wind np the county'a investment fund, if adopted in something like its present form, would at least lift the liquidity crunch faced by many local agencies in this prosperous West Coast community and put off the question of how they meet any eventual losses. However, it does not address the question of how Orange County will deal with its own gathering financial crisis.

Without the investment returns it expected to receive from the fund, the county is facing a deficit in its current financial year of about $170m. Making matters worse, the county's cash recovery from the fund will be less than others. Mr Citron's staff diverted $85m from accounts belonging to investment pool members into Orange County's own coffers in an apparent attempt to amooth over the county's lossea, officiala now say. Reversing that will leave the county further out of pocket.

The real crunch will come this summer, as more than $1bn of bonds issued by the county fall due, says Ms Jane Eddy, an analyst at Standard & Poor's, the credit rating agency. Local officials have so far set their face against raising taxes – and anyway, point out that a tax increase would require support by two-thirds of local voters, something that conld prove difficult to achieve.

Bondholders, perhaps equally predictably, are already beginning to talk darkly of a default that will shake the municipal bond market to its roots, and one which would shut Orange County out of the financial markets for the foreseeable future. Also, they say, county officials have the power to push through a special assessment tax without a vote – though this would be damaging politically.

As the summer repayments draw nearer, and the bankruptcy plan moves closer to court, the question of higher taxes is likely to come increasingly to the fore. If so, local residents, who were responsible for electing Mr Citron treasurer, will find it difficult to resist the fiscal consequences of their electoral choice.

Quayle 'to miss 1996 race'


Dan Quayle: Not bowing in

Mr Dan Quayle was expected yesterday to announce that be would not run for the Republican party's presidential nomination in 1996, George Graham reports from Washington.

"He is just turned off at the prospect of how much money he will have to raise to seek the nomination," said Mr Mark Goodin, an adviser to the former vice-president, dismissing speculation that Mr Quayle's recent hospitalisation for blood clots and then appendicitis might have affected the decision.

Mr Quayle is the third main figure from the Bush administration to bow out of the Republican race, after Mr Dick Cheney, ex-defence secretary, and Mr Jack Kemp, ex-housing and urban development secretary. Some potential candidates have been deterred because several big primary votes, including California's, will occur much earlier in 1996 than tradition would dictate, requiring early raising of much cash.

The withdrawal of Mr Quayle makes it more likely that Senator Richard Lugar, who has been toying with the idea and also hails from Indiana, will decide to run. But it also improves the prospects of Senator Phil Gramm, the right-wing Texan, who might have lost votes from the Christian right to Mr Quayle. Mr Gramm and Senator Bob Dole, Senate leader, are seen as the front-runners for the Republican nomination.

Republican aim to fund welfare via states

By George Graham in Washington

Republicans in the House of Representatives yesterday unveiled their plan for reforming the US welfare system by giving the states lump sum financial grants to devise their own social safety net programmes.

"The essence of it is [that] we're going to [put] a substantial number of programmes into one block grant, send them back to the 50 states and the District of Columbia, and have 51 different experiments in how we break out of the welfare system," said Mr Newt Gingrich, Speaker of tha House.

Congressman Clay Shaw of Florida, who chairs the House sub-committee responsibla for welfare and has led the work on drafting tha new plan, plans to start committee consideration next week of a bill that would end the premise that welfare is an entitlement: that anyone wbo meets defined eligibility standards is entitled to receive the payment.

That means the amount of money the federal government gives to each state to administer welfare can vary in accord with the number of people eligible. Instead, the block grant proposal would give states a fixed sum.

States would be required to stop cash payments to unmarried mothers under the age of 18 and to legal immigrants who have not become US citizens.

Tha states would not be allowed to continne welfare benefits to anyone for more than five years, except in hardship cases, and would be required to meet federal goals for moving welfare recipients into jobs.

House Republicans agreed the proposal with a taskforce of Republican governors led by Governor John Engler of Michigan.

However, many Democratic governors remain hostile to the proposal to move from entitlements to block grants – especially as the quid pro quo of the greater flexihility allowed to the states would be a five-year freeze on federal funding levels.

Pressure from down on the American farm

Laurie Morse finds Republicans wary of losing votes through cutting support for agriculture

The Republican Party's resolve to resist special interest groups and cut US federal spending looks set to be tested in congressional hearings, which opened this week, on the future of US farm law and the tangle of entitlement programmes it supports.

The US government has paid ont nearly $150bn (£97bn) in direct subsidies and disaster payments to a dwindling group of farmers over the the past decade. In such mid-western states as Kansas and Indiana, where the farm vote is a bastion of Republican support, federal payments to individual farmers averaga between $20,000 and $40,000 a year.

Now, as Congress prepares to write its first farm bill for five years, even farm interests admit that declining rural population, growing demands by cities for resources, and concessions demanded by environmental groups may force radical reform in farm policy. Hearings on the 1995 Farm Bill are expected to continne through this year.

That the Clinton administration wants the Republicans to take the initiative in agricultural reforms, as with other cuts in popular programmes, was clear from the budget which tha Whita House released on Monday. Farm spending for 1996, at $62.3bn, was left unchanged and only token cuts of $1.5bn were proposed for the next five years.

Senator Richard Lugar, the Indiana Republican who chairs the Senate agriculture committee, attacked the Clinton farm budget as "timid". The senator has promised his committee will review farm policy and spending top to bottom. He has shown a willingness unusual for a farm state legislator to examine even the most embedded farm programmes.

"At this point, I would not rule out any options, including the abolition of the programmes, their conversion into block grants for administration by the states, the creation of a user-funded revenue assurance programme, or a re-direction of funds into priorities like research, rural empowerment, and market development," he said.

However, powerful members of his own party have been much more cautious in their statements about farm programme cuts. Two men from Kansas – Congressman Pat Roberts, who chairs the House of Representatives agriculture committee, and Senator Robert Dole, Senate majority leader – continue to say that farm price supports play an important rola in stabilising farm incomes.

Farm subsidies, generally offered as incentives for controlling supply, include payments for differences between market and "target" prices, low-interest loans, and even payments for storing commodities pledged to the government as collateral for loans.

Farm lobbyists argue that agriculture has shouldered its share of budget cuts, noting that spending on farm programmes has declined by half since the mid-1980s, while total government spending has increased by half

Although they add up to billions of dollars each year, US payments to subsidise farm exports are considered separately from US domestic production anbsidies, and have not been specifically targeted by Mr Lugar'a committee.

Farm lobbyists argue that agriculture has already shouldered its share of budget cuts, noting that spending on farm programmes has declined by half since the mid-1980s, while total government spending has increased by 50 per cent.

However, demography presents a powerful counter to that argument. During the last decade, US agriculture has increasingly become the province of bigger, more efficient farm businesses, and rural economies have diversified. As a result, less than 20 per cent of all US farms produce 85 per cent of US farm output.

Because farm payments are production-based, the bulk of US agricultural subsidies is being paid to relatively few high-income entities. This will be hard to support as Congress begins to cut welfare payments to the urban poor.

Also, farming now accounts for only 10 per cent of US rural income, according to agriculture department statistics, and rural representation in Congress has declined along with farm population.

Although farm legislators used to be able to count on the support of their urban colleagues to back generous farm funding, in return for devoting a portion of the farm budget to such urban relief programmes as food stamps administered by the agriculture department, those deals are becoming more difficult to forge, legislative aides say.

Instead, farm interests are looking towards uneasy alliances with environmental groups in order to make progress on farm spending issues. Although environmentalists have been attacking farmers for intensive use of pesticides and herbicides, and for contributing to land arosion and water pollution, the two parties may yet find some common ground in the farm bill debate.

A popular programme which has paid farmers to take 36.5m marginal acres ont of grain prodnction over the past decade, and devote this land to conservation, is expected to be renewed in the new farm law, with environmental backing. However, environmental groups are insisting that the programme's goals be more efficiently aimed towards conservation, rather than grain supply management.

"Environmentalists have been among the strongest supporters of conservation spending within the agriculture budget, and in so many ways that sort of coalition will influence agricultural spending," said Mr Andrew Art, policy analyst for the Washington-based Environmental Working Group.

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Juppé aim to break EU-Israel deadlock

By Julian Ozanne in Jerusalem

French foreign minister Alain Juppé yesterday conceded Israeli demands for access to European Union research and development committees in a move aimed at breaking tha deadlock over signing any new Israeli-EU trade association agreement.

Israeli and EU officials said Mr Juppé had made the concession in a meeting with Israeli prime minister Yitzhak Rabin and Israel's trade and agriculture ministers who have led opposition to signing the draft agreement.

The concession will allow Israel some form of participation in committees which design and plan the R&D programmes but would not allow Israel voting powers.

The officials also said the two sides would meet in Brussels next Thursday for a further round of talks and both sides had pledged increased political will to conclude an agreement.

Mr Albert Maes, EU ambassador to Israel, said the Brussels talks should pave the way to a initialling of the agreement in March. But Mr Oded Eran, Israel's chief negotiator with the EU, said although Mr Jnppé's concession "cleared the bilateral atmosphere between Israel and the EU" there were still considerable negotiations over details before Israel could sign the agreement. Israel, be said, would continue to push for further concessions on access to European government procurement contracts and better access of Israeli agricultural products.

EU officials said, bowever, there was mounting frustration in Europe about Israel's continued push for further concessions aimed at making a substantial dent in Israal's $7.4bn trade deficit with EU member states.

Mr Juppé said Israel should realise the EU had given it an extremely privileged agreement with concessions on R&D and capital movement and should accept that it was "not the 16th member of the Union."

Alcatel to double China investment

Tony Walker reports on power engineering successes in a highly competitive market

Alcatel Alathom, the international conglomerate in transport, energy and communications, could not be accused of thinking small in China. It plans to invest $800m in the telecommunications sector alone in the next two to three years, doubling its manufacturing investments in China for items ranging from switching gear to optical fibre cable.

Mr Pierre Suard, chairman and chief executive of Alcatel Alsthom, said in Beijing this week that companies under his control planned a "long-term role" in the development of Chinese infrastructure. That position would seem to be guaranteed, judging from the company's recent success in securing contracts in power projects, both nuclear and conventional.

"Wa will be here even in the 21st century," Mr Suard confidently told reporters.

Earlier this month Alcatel Alsthom through its subsidiaries Framatome and GEC Alsthom won agreement to supply $2bn of equipment for the second-stage of the Daya Bay nuclear power plant in the southern province of Guangdong, adjacent to Hong Kong. Cegelec, the Alsthom subsidiary will contribute engineering and technical assistance.

Framatome's nuclear units are worth some $1.3bn under the agreement and GEC Alsthom's steam-turbine generators $548m. Part of the equipment will be produced within the country, according to China Daily. Alsthom is eyeing opportunities to supply such items as giant turbines for the Yangtze river "Three Gorges" dam. The Three Gorges project is easily China's most ambitious civil engineering scheme with an estimated cost of between $20bn and $30bn.

The company is also poised for further successes in the power sector through its GEC-Alsthom subsidiary. According to José Rossi, France'a industry minister, the company has won a $471m contract for a thermal power station in Sichuan. It is also working on a giant scheme in Zhejiang province, among other possibilities.

GEC Alsthom is in competition to supply equipment for the proposed oew Beijing-Shanghai "high speed" train project which is in the planning stage. GEC executives believe that the company's TGV high-speed train is a serious contender. Since 1958, GEC Alsthom has supplied 415 locomotives to China.

But for tha moment it is Alcatel Alsthom's involvement in China's rapidly-expanding telecommunications sector that is absorbing much of its managerial energy. Mr Suard said the company through its joint venture investments hoped to develop China as a production base not only for the Chinese market, but also for the developing nations of Asia and the Pacific.

Alcatel has established some 15 joint ventures in China since it formed Shanghai Bell Telephone Equipment Manufacturing in 1985. The project now prodnces telephone exchanges and switches with 4.5m lines a year.

Pierre Suard: 'We will be bere even in the 21st century'

Alcatel is planning another "five or six" joint ventures this year, according to Lewis Witters, a senior representative in Beijing. These ventures include telecommunications services and also the manufacturing of such items as highway ticketing equipmeot for toll roads that are being established throughout the country.

Alcatel joint veotures are supplying about a third of China's digital switching equipment, but as Mr Witters says: "While things look quite promising, what you can't avoid in this market is competition. It is becoming more competitive all the time, and you are oow facing competition from purely local players."

China cancels order for US corn

By Laurie Morse in Chicago and Tony Walker in Beijing

China has cancelled an order for 630,000 tonnes of US corn but US officials and grain dealers said yesterday it was done for purely economic reasons, and was not related to a trade war that is brewing between the two countries over copyright violations.

A spokesman for the US department of agriculture said the decision was "due to commercial considerations in light of current and anticipated world price levels." Grain traders agreed, saying excellent crop prospects for South American corn made the cancellation advisable. "Argentinian corn is selling for $5 to $6 per tonne less than US," said Mr Daniel Basse, research director of Allendale, a grain market advisory firm. "Given those market conditions the cancellation is not surprising."

In fact, given China's generous purchasing programme this year, many traders had anticipated cancellations. World corn prices, as reflected in the futures markets at tha Chicago Board of Trade, barely noticed China's action, with prices moving only slightly lower yesterday.

The politics of food, both in the US and China, run so deeply that both sides seem to have exempted grain dealings from the current dispute. The trade sanctions proposed against China for pirating American-mada movies and software, for example, did not keep the Clinton Administration from announcing on Tuesday that it had awarded China additional export subsidies to purchase up to 1m more tonnes of US wheat this year.

Administration officials explained the award by saying the subsidy benefited US farmers, not China.

The wheat allotment, made under the US department of agriculture's export enhancement programme, allows China to buy US wheat at prices below the world market, and can be valued at more than $20m. Grain traders do not expect China to use the new award, however, until the trade dispute is resolved.

China has bought 3m metric tonnes of US wheat so far this year, always using US export subsidies, and grain dealers say shipments of these purchases are proceeding on schedule.

In addition to the wheat and a large quantity of US vegetabla oils, China has ordered 2.1 m tonnes of US corn for the marketing year 1994-95 to bolster existing stocks and to ensure there is an adequate supply. Rising food prices have been the main cause of inflation there, running at more than 20 per cent.

Unlike wheat, China's purchases of US corn were made without subsidised price concessions, leaving them vulnerable to cancellation as world corn prices fall.

Domestic corn prices in China rose sharply in 1994, and at one point last year were double those on the world market, largely due to shortages caused by poor rail distribution. This prompted large Chinese orders for imported grain. Domestic prices have since eased.

US and Chinese negotiators are due to resume talks next Tuesday in an effort to resolve their dispute over widespread piracy of US products. The two sides have threatened tit-for-tat sanctions if agreement cannot be reached by February 26.

Meanwhile a foreign ministry spokesman has repeated China's demand thet the US drop its "unreasonable" demands ovar copyright infringement ahead of the talks. US negotiators are pressing for "concrete" action against counterfeiters.

OECD Export Credit Rates

The Organisation for Economic Co-operation and Development announced new minimum interest rates (%) for officially supported export credits for February 15 1995 to March 14 1995 (January 15 1995 to February 14 1995 in brackets).

D-Mark	8.07	(8.26)
Ecu	8.94	(8.77)
French franc	9.03	(8.80)
Guilder		
up to 5 years	8.15	(8.30)
5 to 8.5 years	8.40	(8.50)
more than 8.5 years	8.80	(8.85)
Italian lira	11.40	(11.27)
Yen	4.70	(4.70)
Peseta	12.68	(12.20)
Sterling	9.73	(9.56)
Swiss franc	8.39	(6.45)
US dollar for credits		
up to 5 years	8.66	(8.71)
5 to 8.5 years	8.78	(8.78)
more than 8.5 years	8.79	(8.80)

These rates are published monthly by the Financial Times, normally in the middle of the month.

A premium of 0.2 per cent is to be added to the credit rates when fixing at bid. Interest rates may not be fixed for more than 120 days.

SDR-based rates of interest are the same for all currencies. For the period from January 15 to August 31 1995, the SDR-based rate will be 7.35 per cent. It will be abolished, transition period included, on August 31 1996.

WORLD TRADE NEWS DIGEST

Norway to pipe gas to France

Eleven oil companies operating in Norway yesterday announced plans to build the world's longest marine pipeline and a receiving terminal at a cost of NKr9.5bn ($1.42bn) to transport gas from the Norwegian North Sea Sleipner field to the industrial area of Dunkirk in France. Gaz de France will take a 35 per cent stake in the terminal.

The 40-inch diameter 860km pipeline will have annual capacity of 12bn cubic metres of gas and will expand Norwegian export capacity by 25 per cent. The companies participating in the project include the three Norwegian oil companies, Statoil, Norsk Hydro and Saga Petroleum, and Neste of Finland, Norske Shell, Esso Norge, Elf Aquitaine Norge, Total Norge, Conoco Norge, Mobil Exploration Norge and Norsk Agip. *Karen Fossli, Oslo*

Babcock wins Chinese order

A consortium of Babcock Energy, part of the UK's Babcock International, and Westinghouse Electric of the US has won a conditional letter of award to supply more than $600m of equipment for two power stations in China's Shandong province. Babcock will supply four coal-fired boilers worth $300m.

It comes two weeks after Babcock woo a $200m contract to supply four coal-fired boilers for two power stations in China's Liaoning province. The deals will safeguard jobs and emphasise the importance of the Chinese power market for western suppliers of plant for coal-fired stations, which remain a crucial part of China's power strategy. In 1993, China accounted for 58 per cent of the world market for coal-fired boilers. *Andrew Baxter, London*

Yemen picks Total for gas plan

Total, the French energy group, was yesterday selected as project leader for the development of a proposed $3bn liquefied natural gas scheme in Yemeo. Total will put together a coosortium to invest in the project and be responsible for arranging financing. The scheme includes building a pipeline from the Marib field in northern Yemen to a 5m tons a year liquefaction plant on the coast.

The project is the latest in a string of recent announcemeots about proposed LNG projects in the Gulf. Most are targeted at customers in the Far East, altbough a recent agreement between Enron of the US and Qatar is aimed at customers in India and Israel. The appointment of Total as project leader is the first big development in the Yemeni eoergy sector since the civil war ended last year. Total had been competing with Enron of the US and Hunt Oil. Proven gas reserves in the Marib area are about 425bn cubic metres. *Robert Corzine, London*

■ Mr Ron Brown, the US commerce secretary, in Kuwait on a trade and investment mission, yesterday announced formation of a $2.2bn joint venture between Union Carbide and Kuwait's Petrochemical Industries. The venture will build and operate a major petrochemical complex in Kuwait.

■ Singapore said yesterday it had decided to impose an interim anti-dumping duty of S$13 to S$96 a tonne on imported reinforcement steel bars from several Turkish steel mills. The move follows a complaint last December by NatSteel, Singapore's sole steelmaker.

■ Breda Costruzioni Ferroviarie, the Italian state railway equipment manufacturer, has won a $215m contract from the Boston city authorities to supply 100 light rail vehicles for the city's tram and metro system.

■ ABB Asea Brown Boveri has won an initial order for its new 240 megawatt GT26 gas turbine from Badenwerk, a German utility, as part of a $120m contract to modernise a generating unit of the Rheinhafen power plant near Karlsruhe.

Warburg reshapes roles of top managers

By John Gapper, Banking Editor

S.G. Warburg, the investment bank, has reshuffled management responsibilities in order to shift day-to-day control of operations away from Mr Nick Verey and Mr Derek Higgs, the chairmen of its banking and broking arms.

The heads of its corporata finance and securities divisions will now report directly to Lord Cairns, Warburg's group chief executive, rather than through Mr Varey and Mr Higgs, who were appointed last year.

Warburg, which has suffered a series of upsets since the collapse of its merger talks with the US investment bank Morgan Stanley in December, said the shift would "clarify" the roles of Mr Higgs and Mr Verey.

Lord Cairns is due to become chairman in June on the retirement of Sir David Scholey. Analysts, however, have questioned the strength of Warburg's managemant following poor results last year in investment banking operations.

Some executives of rival investment banks argua that Warburg should bring in a chief exeentive from outside the bank to counter the market perception that it is drifting after the collapse of merger talks.

The positions of Mr Mark Nicholls, co-head of Warburg's corporate finance division, and Mr Michael Sargent, head of securities, will be strengthened in the reshuffle. Mr Nicholls and Mr Sargent will both report directly to Lord Cairns on the day-to-day running of the business, while Mr Higgs and Mr Verey will focus on cliant relationships and marketing of the firm internationally.

Mr Higgs, chairman of S.G. Warburg & Co, the merchant bank, and Mr Verey, chairman of S.G. Warburg Securities, are both long-standing Warburg executives who were previously managing directors of their businesses. Lord Cairns told a meeting of Warburg board directors last week that a gap had emerged between its policy committee, which decides on strategy, and the executive committees which run day-to-day operations.

He said this would be addressed by Mr Nicholls and Mr Sargent joining the policy committee, on which Mr Higgs and Mr Verey already sit, and reporting directly to him rather than through Mr Higgs and Mr Verey. Lord Cairns said that Mr Higgs and Mr Verey would continue to play an important role in strategic thinking, and representing the firm externally, and would "move closer" to the bank's operating divisions.

Mr Hugh Stevenson, chairman of Mercury Asset Management, which is 75 per cent-owned by Warburg, will continue to hold operational control of that business, which has been more profitable than investment banking.

Calf campaigners prepare to defend pigs and chickens

By Deborah Hargreaves

British farmers struggling against a wave of public protests over the export of live animals to mainland Europe are worried that protesters will try to disrupt other aspects of intensive farming.

Mr William Waldegrave, agriculture minister, warned producers this week that they will not be able to escape from the spotlight. "Other aspects of modern farming will come under scrutiny in turn and the industry must be prepared for this."

So far, protesters have concentrated on the transit of live calves and lambs to France and the Netherlands and the fate of the calves in veal crates. Widespread protests have blockaded ports and airports.

Scottish campaigners yesterday released an undercover film of animals being badly treated in livestock auctions and called for tougher controls on such markets.

The National Farmers' Union of England and Wales has formed a committee to draw up a code of conduct on animal welfare for producers. But UK farmers insist that their standards are already among the highest in the world.

This claim is hotly disputed by animal rights groups such as Compassion in World Farming, which maintains that farmers have improved their welfare standards only under pressure from the public and, subsequently, from the government.

Animal welfare groups are urging their supporters to broaden opposition to intensive farming practices such as those involved in poultry and pig prodnction. "The conditions in which broiler chickens are kept are absolutely appalling," said an official of the Royal Society for the Prevention of Cruelty to Animals.

"The test for us is whether the practices affect animals' health or frustrate strongly motivated behaviour," said Mr Peter Stevenson, political and legal director of CIWF.

By these criteria, be says, a number of farming practices are unacceptable. He cited the keeping of hens in battery cages; broiler chicken systems in which birds are kept outside small cages, but still in extremely crowded conditions; sow stalls and farrowing crates for pigs.

Battery hens and broiler chickens – which are produced for meat – have brittle and often broken bones as they are not abla to move enough, Mr Stevenson says. In addition, he said, broiler chickens are bred selectively to increase meat output, but their leg strength and hearts do not keep up with the rate of growth, causing many leg problems and widespread heart disease.

In Britain, 30m birds are kept in battery cages. Although eggs laid by chickens kept in outdoor yards have been popular in recent years, 90 per cent of eggs still come from battery hens. Some 600m broiler chickens are produced and 13m pigs – 95 per cent in intensive systems.

Farmers say these conditions are necessary to produce the cheap food that consumers want. "The worry over animal welfare is a sign of a well-fed society with no concerns about where its next meal is coming from," said ona livestock farmer.

But Mr Stevenson believes that his message is at last falling on receptive ears and that the public will be prepared to pay extra for humanely reared produce.

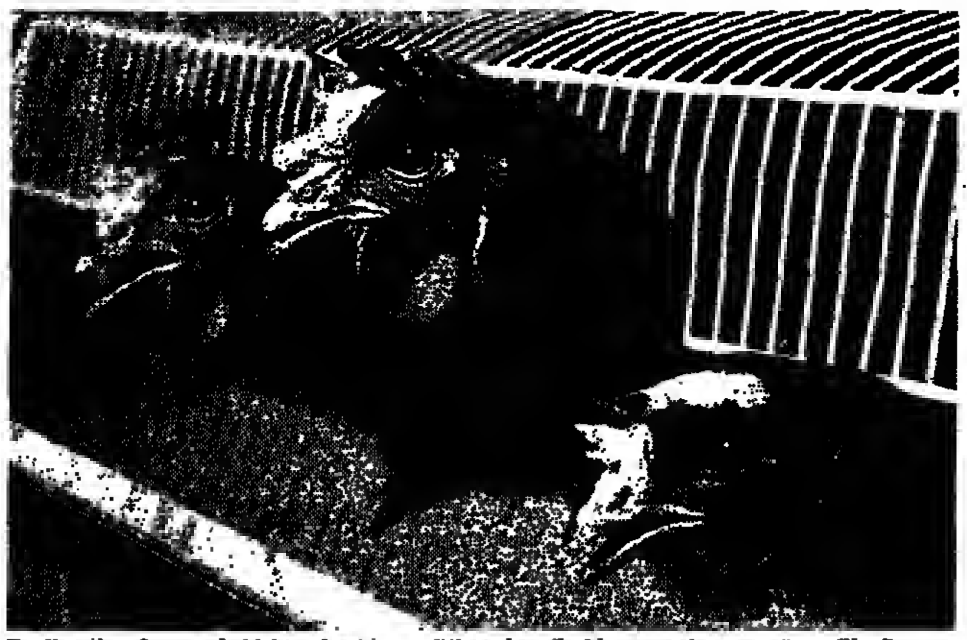
CIWF, which has been at the forefront of recent protests, was foundad in 1967 by a farmer who became disillusioned with the trend towards intensive farming. The organisation now claims 30,000 supporters who contribute about £700,000 ($1.08bn) a year.

The RSPCA is Britain's best-known campaign group for animal welfare and started the drive against live exports five years ago. It has managed to bring its demands for shorter journey times to the European Union's negotiating table several times, only to see them defeated by a group of southern member states.

Journey limits will be discussed again at the next council of EU agriculture ministers on February 20 when the UK is hoping to broker a compromise.

The RSPCA has unique charitable status for a campaigning body – it was created with its own act of parliament in 1824. The group calls on 500,000 supporters with annual funding of £34m – 59 per cent of which comes from legacies.

The British groups recognise the need to take their message to the EU stage in an effort to change European law. British farmers complain that higher welfare standards imposed unilaterally by the UK will disadvantage them in competition with other EU producers. But welfare supporters argue that Britain must lead the way.



Feeding time for caged chickens kept in conditions described by campaigners as "appalling"

A group called Bale (Brightlingsea Against Live Exports) appealed yesterday for national support for an attempt to "stop the lorries" today. Brightlingsea is a small port in eastern England which has been the scene of four weeks of protests against the export of live sheep. Police said yesterday that the port is dne to receive its first truckload of live veal calves today. The aim is to load the 120 animals on a ship heading for Belgium. More than 150 protesters have been arrested in recent demonstrations against the sheep trade through the port. The police appealed to campaigners to demonstrate peacefully today.

N Ireland nationalists storm out of talks

By John Murray Brown in Belfast and John Kampfner in London

The latest session of the Northern Ireland peace talks between the government and Sinn Féin broke down yesterday amid claims that a meeting room might have been bugged. Sinn Féin is the political wing of the Irish Republican Army.

Both sides agreed to postpone the talks after Mr Martin McGuinness, leader of the five-member Sinn Féin delegation, told the head of the British team that a scanning device used by Sinn Féin was "receiving a positive signal from a piece of office equipment", the Northern Ireland Office said.

The rcom, one of a number used for private consultations, was immediately sealed off and police were called in to investigate.

A senior Downing Street official said he had a categorical assurance that "no device has been placed in the room by anyone with the authority of the British government".

Mr Michael Ancram, the UK's Northern Ireland minister, said: "I would like categorically to state that any suggestion or inference that this room was in any way monitored by or on behalf of the British government is totally without foundation."

Mr Ancram said he had been in contact with Sinn Féin over a new date for the talks. Sinn Féin officials said a new venue might be needed. After an initial search the police said it had not found a device.

Sinn Féin was quick to deny suggestions that it had contrived a walkout. However, the breakdown comes at a critical time, with London urging Sinn Féin to make some gesture on the decommissioning of the IRA's vast arsenal.

Questions also remain over renegade elements in the IRA after the discovery of an unexploded Semtex bomb in Northern Ireland on Tuesday. The IRA denied responsibility for the bomb and suggested it was tha target of smears by "provocateurs".

Observers suggested that as the negotiating process enters a more sensitive phase, allegations of dirty tricks are likely to increase.

Yesterday's meeting, the sixth session of exploratory dialogue aimed at bringing Sinn Féin into all-inclusive talks with Northern Ireland's main political parties, broke up after a few minutes.

The two sides still have to resolve the arms issue, with Sinn Féin arguing that it should be dealt with as part of all-party talks. It is demanding that the British government upgrade the meetings to ministerial level and move quickly to talks with other political parties.

Drugs decision by European court is attacked

Ministers and and opposition leaders united yesterday in condemning a decision by the European Court of Human Rights to order the government to pay nearly £14,000 ($21,700) to a convicted drug trafficker, our Parliamentary Correspondent writes. Mr David Maclean, a Home Office minister, attacked the "daftness" of the European jurists and insisted that Britain's laws for dealing with drug dealers were "just and appropriate".

The court found that tha European Convention on Human Rights was breached when Mr Peter Welch was convicted on five counts of drug trafficking. He was sentenced to 22 years' imprisonment in September 1988, and to a further two years if he failed to comply with a confiscation order for £66,914.

Mr Welch, then aged 49, with homes in London, Wales and Portugal, was said to have been the mastermind of a gang which included his girlfriend, Ms Delyth Davies, 27, who was jailed for 14 years. The case involved an attempt to smuggle cannabis worth £4m on to a secluded Welsh beach.

The European court said tha judge was not entitled to make the confiscation order because it was based on an act that did not become effective until 1987, while the offences were committed in 1986. English law says courts must assume that any money owned by a trafficker in the six years leading up to his arrest is the proceeds of trafficking. Orders for some £55m of assets to be seized have reportedly been mada since the act came into force.

The effect of yesterday's ruling is that this breaches the European Convention on Human Rights, which says laws cannot be applied retrospectively. The Home Office described the ruling as "very disappointing and frustrating." It said the ruling did not mean that orders confiscating the proceeds of crime were contrary to the European Convention on Human Rights. "The sole issue about the Welch case is whether the confiscation order is a penalty and whether it could be applied retrospectively."

Mr Jack Straw, the opposition Labour party's shadow home secretary, said the British public would find it almost impossible to understand the "bad" decision made by the European Court.

Industry lobby backs caution on EU currency

By Michael Cassell, Business Correspondent

The government was "eminently sensible" not to commit itself at this stage to a single European currency, Mr Howard Davies, director-general of the Confederation of British Industry, said yesterday. The confederation is the largest employers' lobby in the UK.

Mr Davies, who was addressing the Institute of Food Research, said he would not wish to rule out "for an eternity" British participation in a single currency.

But he stressed thet the government should do more than simply wait to see how circumstances evolved. "I would be implementing proper independence for the Bank of England to give us a fighting chance of maintaining our improved inflation picture into the future," he explained.

Mr Davies said he did not think it was likely that a majority of EU member states would be ready to meet the criteria laid down in the Maastricbt treaty, enabling them to implement a single currency by 1997. He said: "Most of those who fulfil the requirements will not wish to join, while most of those who do not, will do."

Those who most needed the monetary stability offered by economic and monetary union were the most enthusiastic supporters. It was more likely, he said, thet a core of member countries will wish to go for a single currency in 1999.

Mr Davies accepted that British business opinion was divided over the best timing for UK entry, although there was concern about the impact of the UK remaining outside a currency union.

"That impact could be more or less severe depending on the numbers of countries within it. Or depending on the readiness of the British economy to accept the tough discipline which would undoubtedly be imposed by linking ourselves firmly to, in effect, the D-Mark".

LEGAL NOTICE

CALEDONIAN MEDIA COMMUNICATIONS PLC (FORMERLY WORTH INVESTMENT TRUST PUBLIC LIMITED COMPANY) REGISTERED NO. 20599

In a Petition presented to the Court of Session on 6th February 1995 at the instance of Caledonian Media Communications PLC, a Company incorporated under the Companies Acts and having its Registered Office at 100 Union Street, Aberdeen, AB9 1QQ, for confirmation of reduction of share premium account, the Court has pronounced the following interlocutor:-

"Edinburgh, 7th February 1995

The Lords appoint the Petition to be intimated on the Walls in common form and to be advertised once in each of the Edinburgh Gazette and the Financial Times, Scotsman and Press and Journal newspapers; appoint all parties claiming an interest to lodge Answers thereto, if so advised, within twenty one days after such intimation and advertisement.

I.A.D. Hope
I.P.D."

of all of which intimation is hereby given.

Brodies W.S.
15 Atholl Crescent
Edinburgh, EH3 8HA
Solicitors for the Petitioners

Company wins case on fees for connection to network

Telecoms watchdog blocked

By Alan Cane

Mercury Communications, British Telecommunications' principal domestic competitor, emerged victorious yesterday from a year-long legal battle with Oftel, the telecommunications industry watchdog. Mercury is 80 per cent owned by the UK telecoms group Cable & Wireless and 20 per cent by Bell Canada.

Mercury had asked the courts for a "declaratory judgment" to form the basis of a new agreement between itself and BT over the charges BT makes for connecting other operators to its network. It was the first time a competitor to a privatised utility had used the courts in an effort to influence the regulatory process.

Mercury claimed that Oftel had not offered it reasonable interconnection charges because of a misinterpretation of BT's licence. Oftel counter-argued it was not appropriate for the courts to intervene in a dispute between the regulator and Mercury over charging.

Yesterday, the House of Lords agreed that Mercury was within its rights to ask for a declaratory judgment – overturning a Court of Appeal decision in July last year.

Oftel yesterday said it would make no comment until the reason for the ruling had been published. Earlier this week Mr Don Cruickshank, Oftel director-general, said Oftel was having to deal with an increasing number of legal issues and had been forced to double its legal staff. He warned BT's competitors that the pace of regulatory reform could be threatened.

It seems unlikely that Mercury will press for immediate action as a result of its victory. In December, after it took its complaint to the courts, Oftel published a discussion paper, which indicates that it now accepts capacity charging for companies which desire it.

The tight hold which British Telecommunications retains on the UK market a decade after liberalisation is illustrated by figures released yesterday by Oftel, the telecommunication watchdog. It is the first time detailed market share information has been available since the privatisation of BT in 1984. In 1992-93, BT's share of retail call revenue was 89.2 per cent (£5.1bn) falling to 86.7 per cent in the following year. Mercury, BT's chief domestic competitor, had 10 per cent of the market in the first year (£574m) and 11.6 per cent in the following year (£687m). The survey also shows the growth of mobile communications. The number of subscribers grew from 1.2m in April 1992 to 2.3m at the end of 1993.

Lex, Page 14
BT results, Page 20

Shops may sell tickets after rail privatisation

Railway travellers would be able to buy their tickets from automatic dispensers similar to bank cash machines at railway stations or corner shops under proposals announced yesterday, our Transport Correspondent writes.

The schemes could remove the threat that the full range of tickets would be available only from very few stations once the national railway network is privatised.

The rail regulator, Mr John Swift, caused consternation last month when he announced that he was studying one proposal from the 25 state-owned regional train companies to reduce the number of stations selling the full range of tickets to fewer than 300 of the network's 2,500 stations.

Plans for a computerised system of ticket dispensers were unveiled by the Railway Clearing House, an offshoot of a privately owned technical publisher, while the idea of selling tickets from local grocers and newsagents came from Key Lekkerland, a grocery wholesaler.

The Railway Clearing House said it was working with a large US-based manufacturer of computer hardware and software to develop a system of ticket dispensers operated by credit card. The equipment would be leased to the train operators and commission, of no more than 1 per cent, would be charged on ticket sales.

Key Lekkerland said it was seeking a meeting with Mr Brian Mawhinney, transport secretary, to discuss its plan to sell tickets through up to 60,000 independent neighbourhood stores. It would try to co-ordinate sales with other chains.

UK NEWS DIGEST

Teachers likely to strike against 2.7% pay rise

A wave of school strikes looked inevitable last night after the cabinet raised top civil servants' salary scales by up to £55,000 ($85,250) but refused to give municipal authorities extra cash to finance a below-inflation rise of 2.7 per cent rise for teachers. The cabinet accepted all the recommendations of pay review bodies covering 1.3m public sector workers in education, health, the civil service, the armed forces and the judiciary. Ministers ignored warnings from local authorities, school governors and unions that thousands of of teachers would have to be sacked unless the Treasury increased next year's education funding by more than the planned 1.1 per cent.

Mr Nigel de Gruchy, general secretary of the Nasuwt union, said he would recommend "appropriate" industrial action to the union's Easter conference. "This is one unfunded settlement too many," he said. The awards mean thet nurses and midwives will receive 1 per cent pay rises, with up to a further 2 per cent from local negotiations, while doctors, dentists and judges will get 2.5 per cent. Armed forces awards vary from 3.8 per cent for senior officers to an average 2.6 per cent for others.

Mr Andrew Smith, the opposition Labour party's finance spokesman, said it was "a disgrace thet the government's decision means a nurse could get as little as £3 more before tax a week, while top-ranking civil servants could get more than £600 a week". *Political staff*

Disruption ahead from staff at Australian-owned bank

Staff at the Scotland-based Clydesdale Bank are ready to start a series of one-day strikes next week after voting by more than 2-1 to act over pay. The bank is an offshoot of National Australia Group. "The Clydesdale vote reflects the deep unrest among staff there at the performance culture being forced upon them," said the bank trade union Bifu. "Management seem only interested in profits for Australian shareholders with scant reward for Scottish staff who generate those profits."

Bifu members at Clydesdale voted by 1,721 to 746 to back the planned walkouts in protest at an imposed 3 per cent increase which has a performance-related element that could take the increase to a maximum of 7 per cent. Bifu claimed a flat 6.75 per cent pay rise for staff at Clydesdala, and said it was sceptical about how many people would benefit from the performance-related element. The bank has 317 branches in Scotland, five in London and three in northern England.

Clydesdale said it was disappointed by the ballot outcome, but only just over a quarter of its staff of more than 6,000 had voted to strike. It said: "Even if there is a strike we will open all our branches." Bifu called for immediate talks with Acas, the independent conciliation agency, to try to avert the first strikes at Clydesdale. The union also sought talks with Yorkshire Bank, another subsidiary of National Australia Group. Workers there voted by 2,102 to 1,958 – a majority of just 144 – against a series of one-day strikes.
Andrew Bolger, Employment Correspondent

Prime minister censures electricity company over bills

The electricity regulator is to investigate Eastern Electricity over allegations that it has been boosting its cash flow at the expense of customers by billing them early. The political row over Eastern's actions intensified yesterday with Mr John Major, the prime minister, censuring the privatised utility for the practice. He said he opposed early hilling by Eastern or other utilities.

The regulator said it would ask Eastern for an explanation and would decide on appropriate action once the facts had been established. It is understood that Eastern is the only one of the 12 regional electricity companies which has decided to bill customers early. Eastern said the decision to bill some customers early had been taken for technical reasons.
Peggy Hollinger

Maxwell son's plea on documents is rejected

Mr Kevin Maxwell lost his legal challenge to be able to inspect a further 1m documents held by Arthur Andersen, administrators for the late Robert Maxwell's private companies, to help prepare for his trial which starts in April. Mr Maxwell, who faces a number of fraud charges, has already inspected 2.5m documents relating the Robert Maxwell group before the administrators took over, the Court of Appeal heard. Mr Maxwell is a son of Robert Maxwell, once the head of a large UK publishing combine.

Mr Maxwell's lawyers argued that the Serious Fraud Office's powers which compel individuals and bodies to hand over information to the SFO also obliged it to provide Mr Maxwell with access to all the 1m documents relating to the Robert Maxwell group after it went into administration. Three appeal court judges ruled they had no power to decide the issue. If they had the power they would have rejected Mr Maxwell's application, they added.
John Mason, Law Courts Correspondent

Gas regulator condemns energy-saving proposals

Ofgas, the gas industry regulator, rejected most of the gas efficiency schemes put forward by the Energy Savings Trust, the organisation set up by the government to promote energy efficiency. Ms Clare Spottiswoode, Ofgas director-general, said funding of the proposed schemes could have resulted in British Gas customers facing a £60m ($93m) increase in bills. "This is expenditure gas customers have not chosen to make themselves," she said.

Ms Spottiswoode has made no secret of her opposition to funding energy savings schemes through a levy on gas consumers. She says it is tantamount to imposing a tax on consumers. The Energy Savings Trust and the Association for the Conservation of Energy criticised the Ofgas decision. Mr Andrew Warren, ACE director, said it is "utterly unacceptable that one unelected official can frustrate government policy."
Robert Corzine

Government demands £15,000 repayments from dentists

Dentists in the state health service owe the government an average of £15,000 ($23,250) each, Mr Gerald Malone, the health minister, says in an interview with the dental journal The Probe. It was expected that dentists would register 24m patients after they bad signed a pay contract with the government in 1990. However, they registered more than 30m and the government had to pay dentists more than £200m above the budgeted sums.

Mr Malone says this has to be repaid. "Dentists ought to have expected the government to recoup this money because they were aware of the set targets and were exceeding them," he says. "It is my instinct that if you look at why people are leaving NHS dentistry, the thought might well be: 'There's a £15,000 average overpayment hanging over my head, if I get out now nobody is going to ask for it back.'" He adds that the 1990 contract was flawed.

The British Dental Association said dentists had already spent the money on extra treatments, staff wages, materials and equipment. It would be "unfair" for young dentists, who were not in practice when the payments were made, to have to pay the government. *Simon Kuper*

صكنا من الاجل

THE PROPERTY MARKET

The Church's fervour fades

Simon London explains why Europe's largest shopping centre is for sale

The Church Commissioners, the central funding body for the Church of England, is adamant that the decision to sell the MetroCentre, Europe's largest covered shopping and leisure centre, was prompted by neither religious conviction nor a cash crisis.

"This decisioo had absolutely nothing to do with Sunday trading," says Mr Andrew Brown, the Church Commissioners' chief surveyor.

He does not deny that Sunday trading, which became legal in England and Wales last August, has been an uncomfortable issue for the commissioners. More seriously, he does not deny that they are facing a shortage of cash.

The rising cost of pay and pensions for the Church of England clergy is an unsustainable drain on the £2.4bn funds managed by the commissioners. They have long been guilty of distributing more of their assets than is consistent, in the eyes of actuaries, with protecting the long-term value of the fund.

But selling the MetroCentre, which is based in Gateshead in the north-east of England, for perhaps £300m-£400m will not help solve this cash problem. The statutes which govern the commissioners' work forbid them from using capital receipts to meet current liabilities. The proceeds from the sale of the MetroCentre will, therefore, have to be reinvested.

The only real solntion to the financial predicament is a rethink about the commissioners' liabilities, possibly involving the establishment of a new contribntory pension scheme for the clergy. In other words, the way in which the Church of England is funded will have to be changed fundamentally.

Putting the MetroCentre on the market is part of the less complex, more commonsense task of reducing the commissioners' overall exposure to property.

The Lambeth Report into the Church's financial affairs, which was published two years ago and was highly critical of the commissioners' investment strategy, noted that their enthusiasm for property was not just a product of the late 1980s boom. Their property exposure peaked as early as 1981, when 66 per cent of the fund was invested in land and huildings.

This proportion has now fallen to about 45 per cent, still far higher than most pension funds would tolerate. Commercial property alone accounts for about 35 per cent.

The problem of overexposure to property was compounded from 1985-90 as the commissioners moved into property development, the most volatile area of the market. Worse still, most of their developments were financed with hank debt, giving the fund geared exposure at the wrong point in the cycle.

The results are well documented: the commissioners' assets fell from £3bn to £2.2bn between 1989 and 1992.

Repaying the debt and rebalancing the fund away from property is part of a long-term process which started well before the appointment of Mr Brown last autumn.

In 1993, the year of the Lambeth Report, the commissioners sold £91m of property. Dehts have already been reduced from £500m to less than £200m.

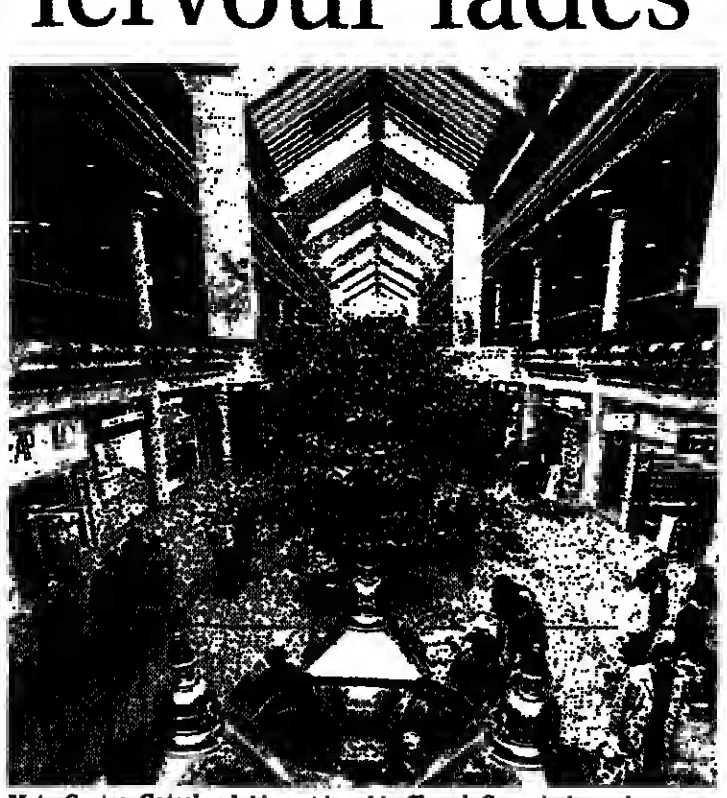
"The Church is not coming out of property. We are rebalancing our investments away from property," commented Mr Brown. "There are also imbalances within our portfolio which we are trying to address. I would rather have many more properties in the fund but with lower individual valnes."

This policy of concentrating on smaller, more liquid assets could help with any future reorganisation of the commissioners' liabilities, by making the portfolio easier to divide.

In line with a strategy report by DTZ Dehenham Thorpe, the surveyors, many of the large retail developments are now up for sale.

In addition to the MetroCentre, the Beechwood Place Shopping Centre in Cheltenham has just been sold for £15m. The larger Marlowes Shopping Centre in Hemel Hempstead is under offer and Mr Brown has made a puhlic commitment to sell the remaining US properties.

The MetroCentre is by far the biggest jewel in the commissioners' tarnished crown. From Mr Brown's perspective, the sheer size of the centre is the main problem. At about 30 per cent of the property portfolio, it represents an unacceptable concentration of risk.



MetroCentre, Gateshead: biggest jewel in Church Commissioners' crown

But why sell now ? Although investors are still showing a fair appetite for retail property, the investment market is far less favourable than this time last year.

Mr Brown said that the MetroCentre was simply oot ready for disposal last year. For example, bank finance connected with the development had not been repaid.

He also argues that the MetroCentre is now at the perfect point in its rent review cycle. Many of the rents are due for review in two to three years, giving purchasers the prospect of a rising income.

Whether the commissioners will see a decent return on their £225m investment – a conservative estimate of the all-in cost of building the centre – is another matter.

The trophy nature of the centre should attract international investors, which could lead to fierce bidding competition.

In retailing terms, the MetroCentre has also been a success. The hrainchild of Sir John Hall, onetime head of Cameron Hall Developments and now chairman of Newcastle United Football Club, it is one of a handful of UK developments hig enough to deserve the title of "regional" shopping centre.

Even so, it is difficult to judge the final yield at which the MetroCentre is likely to be sold. The only roughly comparahle transaction is the acquisition of the Merry Hill centre by Chelsfield, the property company run hy Mr Elliott Bernerd, which took place in very different circumstances.

How many more of the commissioners' property assets come up for sale depends on the outcome of discussions with Watsons, the consulting actuaries, about the loog-term asset mix of the fund.

One consequence of the 1980s developmeot programme is that many of the commissioners' buildings are, like the MetroCentre, relatively new. The portfolio includes prime assets such as the Magna Park distribution centre in Leicestershire and the Colmore Gate office development in Birmingham.

If the commissioners decide to pull back from commercial property altogether, they should find ready huyers for such prime assets. Even if they retain the rest of the portfolio, though, it is clear that the Church of England's messianic zeal for property is a thing of the past.

High street vacancies

The demise of Rombelows, the electrical retailer unplugged hy Thorn EMI this week, underlines that some sectors of the UK high street are far from flourishing. Combined with the collapse last month of Athena, the poster retailer, aboot 430 empty shops have been dumped on to the market this year.

Many of these vacant high street units will be difficult to fill. The vacancy rate in the high street, currently about 13.2 per cent, is higher than in the depths of recession according to Chas E. Goad, the retail information firm.

Moreover, Rumbelows tended to operate relatively small stores in locations that many retailers would not consider prime sites. While there is still demand from tenants for well located high street shops, they tend to be looking for larger stores of more than 3,500 sq ft.

"The general perception is that Rumbelows did not keep up with the market in terms of changes of pitch and store size," said Mr David Watt, of DTZ Debenham Thorpe, the surveyors. This suggests most of the Rumbelows portfolio, and many Athena stores, could overhang the market for some time.

The wider concern is that more retailers conld take radical action. While the outlook is improving, consumer spending is not rising fast enough to support retailers with the wrong trading formats, the wrong cost structure or both.

Simon London

COMMERCIAL PROPERTY

The Financial Times plans to publish a survey on

European Business Property

on Friday, March 10

In addition to gaining worldwide distribution to the FT's one million readers, the survey will be delivered direct to European property professionals at MIPIM, the International Property Market in Cannes, 9-12 March.

The survey will be a valuable source of reference and an ideal medium in which to promote properties and developments with a European bias.

For further information, please contact:
Sophie Cantillon on +44 171 873 3211
Fax: +44 171 873 3098

FT Surveys

MANAGEMENT

In his latest book on re-engineering, James Champy turns the spotlight on managers. **Tim Dickson** reports

Executive, heal thyself

Colin Beere
Tools of the trade: James Champy provides a blueprint to redesign management

Q. Re-engineering has become a mnch misused/abused word. Can yon remind us what it is?

The big idea about re-engineering is that it assumes we need to redesign work starting with a clean sheet of paper. It is particularly about re-designing processes, bow we manufacture, how we fulfil orders, bow we develop new products. What it attacks is the fragmentation of work and the bureaucratic structures which we have built in our large organisations and government agencies.

Q. Is it not just a euphemism for downsizing, for throwing people out of work?

In some companies that attack on re-engineering is deserved. Some managers apply the term to almost any management change, and when they do *that* (what they mean is really downsizing), people become cynical. The reaction is more in the public domain than in companies, though. On the part of managers there's a very healthy respect for it; it's proving that it produces business results in a lot of places.

Q. Has re-engineering been less successful in Europe than the US?

I think there are fewer examples (in Europe) where it has been applied. On the whole UK managers feel culturally similar to those in the US. But when I go to other countries there's a difference. The French, for instance, are very protective of jobs and because of this re-engineering is mucb harder to do. In most instances, re-engineering does result in learning to do dramatically more witb dramatically fewer people.

Q. Turning to the book*, isn't it typical of consultants to think of an idea and then prolong its life by saying we missed out an important aspect?

In the first book *(Re-engineering the Corporation)* we addressed peripherally some of these issues, but I don't think we appreciated the degree to which management would have to change in order to be successful at re-engineering. We also tried to avoid being formulaic, trying to give folks the silver bullet to solve their management problems. This is a process of discovery, though I've no intention at tha moment of writing a third book.

Q. So what's the Big Idea?

The biggest idea is that you cannot change the nature of work today without changing what managerial work is. When you re-engineeer you push out accountability, you give to the line the managerial accountability that had been reserved for managers. Supervision goes away. The qnestion is what do managers really do today? I argue that the work of management will be defined by four questions: defining the issues of purpose, process, people and culture.

One of the challenges for us is to step back and get very disciplined about re-thinking our work. If you say to managers what did you do today, they tell you typically about the meetings they sat in. The work of management today is heavily internally orientated. One of the shifts we have to do is shift our managerial work to a much more external focus.

Then there are the cultural questions. To get a company to change there has to be a culture that is actually supportive, willing to take risks, willing to let people assume control around their own. And there's the "place" question. One of the questions managers bave to deal with now is how we get back to developing places where we have a substantive new covenant with people, and where we have the kind of person we want, and where respect for the individual is restored.

Q Can yon ever see a day when people will feel more stable?

I can see that already in some companies. I think it is a five to 10-year cycle we're in. But the early signs for workers are good. I'll show you workers who will say to me they have never worked so hard but never have enjoyed thair work more. When you re-engineer you give people more tasks, a bigger piece of work to be accountable for, they're in the market more, they see customers, they see the benefit of their work, they feel a sense of reward and recognition.

For managers – particularly the mid to upper levels – the news is not necessarily so good in the short to medium-term. This is a time when a large numbers of managers are going to go back on to the line in some way. They won't like it initially, it will feel like a demotion and a change in their status. It's going to be a more difficult transition for people who have assumed that recognition comes from movement in a hierarchy.

Q. So yon're not predicting the end of management as such?

Absolutely not. There's plenty for managers to be thinking abont. That's why I use the phrase "living in a set of questions" – the answers to these questions are going to shift in the next five to 10 years. Even among the very best thinkers in the healthcare industry in the US, for example, I can't find anyone who can describe what the industry is going to look like, what a hospital is going to have to be to survive in the next 10 years.

Q. The idea of re-engineering management seems a bit odd. Aren't you simply saying let's re-think what we're doing?

You're right. One has to recognise that there's a commercial nature to this work, to writing. The term is so powerful that we wanted to relate the book clearly to the phenomenon and that's why we chose this title. If I thought it would sell books, quite frankly, I would have preferred to call it something like *A New Management Philosophy.*

Q. Why didn't you write it with Michael Hammer (your earlier co-author)?

I've always had an interest in the softer sida of management, the organisational, behavioural, people-related issues. Mike comes heavily from technology and process: he brings to this the harder-edged perspective. In some senses the first book was the result of two voices; we both wanted to write books with our own voice.

One risk right now (with the recovery) is that managers will get comfortable again. Companies will find themselves in trouble, though, when someone who has really started with a clean sheet of paper comes into the market in a year's time, or when we get into our next recessionary cycle and they realised that when business got better they covered the sins.

**Re-engineering Management – the mandate for new leadership. Published by HarperCollins on 23 February. £18.*

Crisis of corporate confidence

William Dawkins on the lessons learned by companies caught up in the Kobe earthquake

The Kobe earthquake has jolted some of Japan's assumptions about itself, *including faith in its own* legendary efficiency.

That includes Japanese corporate crisis management, thought to be among the best in the world until the earthquake.

As Japan's top companies sift the evidence from the chaotic aftermath of Kobe, they have quickly focused on three lessons that would be of value to corporate crisis managers the world over.

First, they found that Japan's famed just-in-time stock control system withstands the test of the Kobe cataclysm, but dependence on a handful of main suppliers does not.

Second, they discovered that land-based telecommunications, including fibre-optic lines, cannot be counted on. Third, local companies were generally ill-prepared because the quake *struck where least* expected.

An example is Kobe Steel, which owns a blast furnace near the epicentre. It had planned for a typhoon, expecting the port to be closed and its stock to rust, but had not envisaged en earthquake *in what had been thought* a seismically inactive area of Japan. The moral applies to most crises: be imaginative about what you *should* expect.

For suppliers, the disruption caused by the earthquake brought a quick halt to the factories of buyers of supplies made in the area. The biggest is Toyota, Japan's leading car maker, which *lost a day and a half's production;* not because it was starved of components, but to assess the situation before parts shortages risked becoming a reality.

But the short-term shock of the earthquake is no reason to call *into question the policy of keeping* stocks to a minimum, says Toyota. On the contrary, it reinforces the value of keeping warehouse shelves clear of goods that would only be destroyed in a big disaster, argue company officials.

Chrysler, the US carmaker, might well agree. It had ordered 9,000 engines from Mitsubishi Motors, held up at Kobe docks because of the quake and eventually rerouted through *nearby Nagoya. Toyota* says it would never take the risk of ordering a single consignment of that size, and would instead break it down into smaller shipments.

Many Japanese manufacturing companies, Toyota included, *already double-source their* components, with one or two specialised exceptions. Toyota, for example, had to send a team of engineers to help its sole Japanese supplier of brake callipers. Nevertheless, some, including Citizen Watch, Japan's largest watchmaker, now say they plan to diversify procurement further, as a result of Kobe.

On telecommunications, the moral of the Kobe disaster, mentioned by several companies, is that satellite telephones are the only sure way of getting in touch with the outside world when natural disaster strikes.

Hitachi, the electronics company, says that following the *earthquake it will over the next* two years install a satellite communications link between its Tokyo headquarters and five Japanese branches. Sakura Bank, the region's main commercial bank, says it is considering *satellite communications.*

Satellite systems, at Y2.8bn (£17.94m) for the most basic set, are *the only type* sure to withstand an earthquake because they do not need land lines. Bizarrely, Japanese telecommunications laws forbid international satellite calls from Japan, an edict which has provoked a *flood of complaints to* the telecommunications ministry since the earthquake. In practice, *it is* possible to flout the rules and place an international satellite call, via Inmarsat.

In addition, Hitachi, Itochu Corporation, the trading house and Idemitsu Kosan, an oil refiner, are considering issuing staff with portable phones. These are slightly more resilient in earthquakes than conventional phones, although clearly they will only continne to work if ground base stations survive the crisis.

On planning for the unexpected, the message from Kobe is that disasters often produce valuable new information. A large number of companies are now planning to rewrite or update staff manuals of the drill to be followed in *earthquakes and other crises.*

They include Toyota; Matsushita, the world's largest consumer electronics company and Ricoh, the photocopier maker, and of course Kobe Steel.

Nissan, the car group, has gone a *step further and is compiling* specialised crisis manuals for different Japanese regions.

Shaken to the core: disasters often produce valuable new information.

هكذا من الاصل

Alastair Muir

Clockwise from top: Sorkina Tate, Peter Tate and Jonathan Arun in 'Creditors', a truly crazed play which to succeed needs furious emotion

Musical stars and stripes

Andrew Clark finds a home-grown flavour running through New York concerts

Whether by accident or design, New York's concert life usoally peaks twice a season, around late autumn and early spring. This season is different. There has been just one surge of mid-season activity, coming to a head over the past two or three weeks.

On the last Saturday of January, you could cboose between the Cleveland Orchestra in *Wozzeck* with a cast including Hildegard Behrens, a New York Philharmonic concert with Kurt Masur and Yo Yo Ma, recitals by the Stamitz and Juilliard Quartets, the Russian pianist Vladimir Feltsman, and the final event of a Webern festival at the Juilliard School – not to mention the Metropolitan Opera, City Ballet and Twyla Tharp. All this after a week of concerts featuring Evgeny Kissin, Peter Schreier, Frederica von Stade and three touring orchestras.

You could probably find a similar concentration of events – even with some of these artists – at other times in London or Paris. But you would miss the American flavour running through the New York programmes. On consecutive weeks the New York Philharmonic played music by two representatives of a peculiarly American line of brilliant all-rounders – William Bolcom (b.1938) and Victor Herbert (1859-1924). Like Leonard Bernstein, their efforts in the field of light entertainment overshadow their serious compositions.

Bolcom is best known as a ragtime pianist and champion of American popular song. He is also professor of composition at the University of Michigan, with a steady stream of symphonies and operas to his name. His credo, articulated in interviews and talks during the Philharmonic's "composer week", is to find common ground in different styles, forging evocative alliances between old and new, serious and popular.

It is a familiar American refrain, but it needs a strong personality to prevent the result from sounding trite and superficial – the only way to describe *Commedia* (1972), one of two Bolcom works in a programme conducted by Leonard Slatkin. A short pastiche of 18th century music for chamber orchestra, it showcases the extraordinary technical facility with which Bolcom dresses up ideas of little consequence.

His Fifth Symphony (1990), which the Philharmonic played with real finesse, attempts something more substantial. The opening movement, couched in modernist tones, is terse and well-argued; together with the finale – a sardonic, machine-like crescendo – it provides a powerful frame. But Bolcom spoils the effect by falling back on clever doodles in the two middle movements. The scherzo fuses the funeral hymn "Abide with me" with the Wedding Marcb from *Lohengrin*, while the slow movement resembles a sentimental cabaret song. Like a comedian who occasionally tries his hand at straight acting, Bolcom's prime goal is to entertain. The results are slick, occasionally touching, but rarely challenging.

Herbert's two cello concertos, the second of which was played by Ma in the week after the Bolcom concerts, come from a differeot pedigree. Herbert was born in Dublin, raised in Stuttgart and employed as a cellist in the Met orchestra after arriving in New York at the age of 27. He was a typical immigrant, in that be carried a slice of European culture with him – but also quintessentially American in refusing to confine himself to one narrow category of musical activity.

He made his name with a loog series of operettas (from *Prince Ananias* to *Naughty Marietta*) – and for anyooe familiar with them, his Second Cello Concerto will come as a surprise. Written after his arrival in the US but before his popular successes, it is uncompromisingly serious in style, with a taut thematic structure and wistful turn of phrase. Dvořák beard Herbert give the premiere with the New York Philharmonic in 1894, and it clearly influenced his own concerto, written in the following months. Ma's reading could not have been more persuasive. And Masur, batonless and increasingly Brahmsian, continues bis long honeymooo with the Philharmonic. If only the acoustic of Avery Fisher Hall were a little less ugly . . .

Two more American works surfaced in a concert by tbe Atlanta Symphony at Carnegie Hall – Barber's Adagio, showing off the orchestra's supple string cushion, and *Javelin* by Michael Torke (b.1961). Commissioned by the Atlanta Olympic Committee and premiered last September, it is a brief, hreezy New World sbowpiece. Torke gives populism a good name – neither trendy nor overly traditional, but with bags of rhythmic verve. In the same programme, Frederica von Stade was the soloist in Chausson's *Poème de l'omour et de la mer*. Although her voice lacks the ideal weight, sbe sang radiantly. We were left in no doubt that von Stade is still in her prime.

The Met orchestra's new Sunday matinee series at Carnegie Hall began with a Strauss programme, the perfect vehicle for this ensemble's fat sound and James Levine's genial podium style. The seven-movemeot versioo of the *Bourgeois Gentilhomme* suite had panache and swagger; in *Don Quixote*, the orchestra's principal cellist and violist, Jerry Grossman and Micbael Ouzounian, were vivid interpreters of the solo parts. Small wonder Levine wants to expand the orchestra's recording and touring schedule. He is an exemplary accompanist, but even be could not salvage Margaret Price's two groups of songs (including *Four Last Songs*). She sounded as if she was still learning them – the voice muffled, the score held rigidly in front of her face. All rather sad.

Two final snapshots from a hectic week: Mikhail Pletnev and the hard-driven Russian National Orcbestra, visiting Lincoln Center midway tbrough an exhausting tour of smaller east coast cities; and the Cleveland Orchestra with Christoph von Dohnányi, who were in residence at Caroegie Hall.

Only five years ago, a visiting Russian orchestra was a major event in the US. Now they are ten-a-penny. Pletnev and his orchestra – who have built up a fabulous reputation – could not afford a soloist, and failed to draw a full house. The programme I heard consisted of a suite from Prokofiev's *Romeo ond Juliet* and Shostakovich's Teoth Symphony, which Pletnev conducted witb cool diffidence. Tempi were fast and matter-of-fact – an approach which enhanced the bizarre, sinister qualities of the symphony's second moveoient allegro. The playing was flawless, but the concert was a disappointment. Pletnev seemed committed to the notes but disengaged from the message behind them.

The Clevelanders, by contrast, made a big impression. In addition to *Wozzeck*, Dohnányi conducted the New York premiere of Birtwistle's *Earth Dances*, which the New York Times critic welcomed as "endlessly innovative", with a "measured loquacity that keeps the ear alive and waiting". The programmes were otherwise devoted to Brahms – opening with the First Piano Concerto, commandingly played by Emanuel Ax, and Schoenberg's arrangement of the G minor piano quartet. The latter was vintage Dohnanyi: brisk, unseotimeotal and free of pomposity, as if the whole orchestra were playing chamber music. It was a revelation, bearing out Scboenberg's words, quoted in tbe programme, that "I wanted once to hear everything, and this I achieved".

Theatre/**David Murray**

Strindberg gutted

Strindberg's *Creditors*, revived now by the Fusion company at The Gate, is a truly crazed play; it grapples crazily at dark truths which would be hard to tackle in any other way. Madly overwrought as it is, Strindberg chose prudently to cast it in a strict schematic form, and made it a three-hander in one act.

First, A is systematically taken apart by B in the most friendly, sympathetic way; then A and C – his wife, but also (unbeknownst to A) B's ex-wife – strip their relationship to the bone, while B listens secretly from the next room; finally B and C confront their own wreckage at length, similarly overheard by the horrified A, who makes a dramatic end by reeling in and expiring.

Strindberg's desperate feelings about women and marriage were stuffed into *Creditors* quite raw, unfiltered by anything like common sense or decency. (His own situation at the time was much like A's.) Amidst all the wild psycho-mythology – people are constantly draining each other's "spirits", *etc.* – black insights strike bome. At least, they do when *Creditors* is played with furious emotion simmering beneath every exchange; but at The Gate, it isn't.

The distinguished exception is Jonathan Arun (warmly remembered from Brian Friel's *Philadelphia, Here I Come*). As A, the young second husband and aspiring artist, he screws his vulnerability up to dementia-level with ghastly conviction; we would believe even his fatal seizure, if the B-and-C confrontation struck enough sparks to ignite it. B, bowever, is played unvaryingly by Peter Tate in the style of a B-movie Mad Professor, didactically sinister; and Sorkina Tate's C coasts along on the irritating kind of secret, knowing smile ("Ooh, what an evil witch I am!") which is designed to hit the widest possible public in the eye.

Since Strindberg's corrosive gift was for mutually scarifying dialogue, not monologue, their flat cartoons leave Arun's neurasthenic A high and dry. The director Claire Nielson allows everything to proceed at the same dogged, wordy pace from start to finish, and lets B's and C's ultimate crises seem – because unprepared and unmotivated – nothing bnt more play-acting.

The beavy hand of the Strindberg expert Michael Meyer ("actively involved in all aspects of the present production") is all too apparent here, as often before. One need not doubt that his translation is searchingly faithful to the literal sense of Strindberg's text; but it is also stiff, elaborately grammatical, replete with subordinate clauses – like nothing heard in the English-speaking world since Edwardian versions of Ibsen. Can Strindberg possibly sound like that in Swedish?

It is no wonder that the Tates should remain stuck in an arch, diction-conscious mode, and a bit of a miracle that Arun should break so persuasively through that on his own. But I remember (just) a Caspar Wrede *Creditors* long ago at the Lyric Hammersmith, in which Mai Zetterling led an impassioned trio to scorching effect, and before that a Parisian production – in plain, uncluttered French – that pulsed with venomous life all the way through. The thing *can* be brought off; but not, really not, like this.

Timothy West, Kate Lynn Evans and Chris Larkin

John Timbers

Theatre/**Alastair Macaulay**

Bennett's 'Getting on' revived

I once asked a friend if the little-known Trollope novel he was reading was any good. "It's by Trollope!" he exclaimed, "It couldn't *not* be good." Maybe the same goes for Alan Bennett's plays: always good and, like Trollope, seldom great. *Getting On*, his often comic 1971 play about the bome life of a Labour MP, has probably more flaws than any Bennett play I have seen in tbe theatre. And yet it never flags, it is adult and subtle and funny, and on a Wednesday night it holds the attention of the packed West Yorkshire Playhouse from first to last.

Bennett has now made it well known that the original production of *Getting On*, which won the *Evening Standord* best Comedy Award in 1971, did not satisfy him. He did not regard it as a comedy anyway, and be felt that Kenneth More's performance as the socialist MP, George Oliver, was all too loveable. George is wordy, intense, busy, loyal, involved, but woefully blind to such aspects of his bome life as the fact that his wife is having an affair with the handyman.

But is Timothy West the actor to restore George and *Getting On* to Bennett's intentions? I find it hard to distinguish his performance here from the Macbeth I saw him act in Clwyd last September; he seems *to* be delivering the same goods we have come to expect from him. His extreme naturalness is refreshing; and, above all, he can speak the words with such relaxed command that we forget he is acting. (I say that he *can* speak that way because, at my performance, be several times floundered verbally while finding his way through a line, and under-enounced enough consonants to make a few lines inaodible.) But surely this MP should have less affability, more edge, more thunder?

George is a tricky role, however, not least because Bennett does not establish the role's social myopia very well. As far as we can see, George takes a bvely interest in his two young children's characters, haircuts, and bedtime demands, he likes to socialise with his wife Polly, and he adores his mother-in-law Enid. True, he likes to assume that his grown-up son Andy is having sexual affairs when he isn't, but it is touching that he takes any interest at all in Adam's sex life; plenty of other fathers in 1971 showed no concern except in their children's ootward appearance. True, he misses the fact that both his wife *ond* his best friend Brian are having affairs with the same handyman, but they themselves are less than erotically obsessed, and their bebaviour to George continues as happily as ever until the final scene. True, be does not stop to think that Brian, a secretly gay Tory MP, could have his career wrecked by exposure; but at least he is supportive. Polly remarks at one point that George does oot like people; bnt that is not what we see in the way he treats his immediate social circle.

Yet to mention the play's flaws is to reveal some of its strengths. We see George by so many lights; we hear adultery and homosexuality and socialism discussed with honesty and sensitivity; and we feel the fine bonds of affection that tie a family bousehold together.

Prunella Scales's staging catches all the comedy with which the play so brigbtly starts and then the way it tapers away into frustration. All the performances have plenty of telling detail. (So does Saul Radomsky's set of the Olivers' crowded kitchen.) Kate Lynn Owen's bright account of George's wife Polly is wholly natural, with all the warmtb and sensitivity and (eventually) tears that are called for; and Peter Preotice is wholly convincing as Andy. There is slightly more artifice in Paula Jacobs's account of Enid, Christopher Strauli's as Brian, and Chris Larkin's as Geoff, but feeling and character are intelligently observed. Scales, of course, is Mrs West. Too bad she did not charge her husband's performance witb a harsher energy.

At the Quarry Theatre, West Yorkshire Playhouse, Leeds, until March 11.

INTERNATIONAL

ARTS GUIDE

■ AMSTERDAM

GALLERIES

Rijksmuseum Tel: (020) 673 2121

● Marbled, Chintz and Brocade Paper: an exhibition of decorated paper manufactured in and imported to the Low Countries in the 17th century; to Feb 12

Stedelijk Tel: (020) 5732 911

● Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo automobiles from the early part of this century to tha most recent models; to Apr 2

OPERA/BALLET

Het Muziektheater Tel: (020) 551 8922

● Mazeppa: by Tchaikovsky. A Netherlands Opera production conducted by Harmut Haenchen and directed by Richard Jones; 7.30 pm: Feb 11, 12 (1.30 pm), 14

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 341 9249

● Ein Maskenball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30 pm; Feb 10, 18

● L'italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7 pm; Feb 11

■ FRANKFURT

GALLERIES

Schirn Kunsthalle Tal: (069) 29 98 82 11

● Asger Jorn - Retrospective: 167 works by tha Danish painter. The fifth chapter in a series of presentations of postwar European artists.; to Feb 12

OPERA/BALLET

Oper Frankfurt Tel: (069) 23 60 81

● Oberon: by Weber. First showing at this venue with conductor Hans Zender and lead rola played by Hubert Delamboye; 7.30 pm; Feb 10, 15

■ LONDON

CONCERTS

Barbican Tel: (0171) 638 8891

● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta with pianist Stephen Kovacevich and soprano Faye Robinson to play Beethoven and Tippett's, 'Symphony No 3'; 7.30 pm; Feb 17

● Grand Classical Evening: David Coleman conducts the National Symphony Orchestra with tenor Bruce Rankin and baritone Steven Page to play a wide and varied programme of classical music; 7.30 pm; Feb 11

● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra to play Tippett's, 'Triple Concerto' and Elgar; 7.30 pm; Feb 12

Festival Hall Tel: (0171) 928 8800

● Igor Oistrakh Plays Mendelssohn and Tchaikovsky: Simon Phipps conducts the English Chamber Orchestra and violinist Igor Oistrakh; 7.30 pm; Feb 11

Royal Academy Tel: (0171) 439 7438

● Philharmonia Orchestra: Kurt Sanderling conducts Beethoven and Shostakovich; 7.30 pm; Feb 12

GALLERIES

Hayward Tel: (0171) 261 0127

● Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23

National Portrait Tel: (0171) 306 0055

● Christina Rossetti: an exploration of the Victorian poet on the centenary of her death; to Feb 12

OPERA/BALLET

English National Opera Tel: (0171) 632 8300

● King Priam: a new production of Tippett's opera that opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 11, 17

● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 18

● Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss; 7.30 pm; Feb 10, 13, 15

Royal Opera House Tel: (0171) 340 4000

● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists includa Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdanberg: 8.30 pm; Feb 11, 15

● Gisella: music by Adolphe Adam. A Royal Ballet production choreographed by Marius Petipa after Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30 pm; Feb 14

● La Bohème: by Puccini. Conducted by Simone Young/ Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/ Amanda Thane as Mimi and Maria McLaughlin/ Judith Howarth as Musetta; 7.30 pm; Feb 10, 16

● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten 'mini festival' at the Royal Opera; 7.30 pm; Feb 17

THEATRE

National, Lyttelton Tel: (0171) 928 2252

● The Children's Hour: by Lillian Hellman, directed by Howard Davies; 7.30 pm; Feb 10, 11 (2.15 pm)

National, Olivier Tel: (0171) 928 2252

● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce es Mistress Quickly and Geraldina Fitzgerald as Mistress Ford; 7.15 pm; Feb 16, 17

■ NEW YORK

OPERA/BALLET

Metropolitan Tel: (212) 362 6000

● Cavalleria Rusticana / Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zefirelli, conductor Christian Badea; 8 pm: Feb 10, 18

● Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm: Feb 11, 14

● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8 pm; Feb 13, 17

● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi; 8 pm; Feb 11 (1.30 pm), 15

THEATRE

Joseph Papp Public Theater Tel: (212) 598 7150

● The Merchant of Venice: by Shakespeare. Oirected by Barry Edelstein, and with Ron Leibman playing Shylock; 8 pm; (Not Mon)

Perry Street Tel: (212) 307 4100

● Dylan Thomas: Return Journey and The Truman Capote Talk Show. Two one-man shows written by and starring Bob Kingdom. Direction by Anthony Hopkins and Kevin Knight; to Feb 11

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

● Alban Berg Quartet: plays Haydn, Webern and Beethoven; 8.30 pm; Feb 14

● Orchestra of tha Champs Elysées: with soprano Soile Isokoski, alto Birgit Remmert and tenor James Taylor plays Beethoven under the direction of Phillipe Harreweghe; 8.30 pm: Feb 15

GALLERIES

Musée d'Orsay Tel: (1) 45 49 11 11

● James McNeill Whistler: exhibition of works; to Apr 30

OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40

● King Arthur: music by Purcell. A William Christie and Graham Vick production: to Feb 19

Opéra National de Paris, Bastille Tel: (1) 47 42 57 50

● La Damnation da Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Béatrice Una-Monzon as Marguerita, and Thomas Moser/Gary Lakes as Faust; 7.30 pm: Feb 12 (3 pm), 15

● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the orchestra and chorus of the Paris National Opera; 7.30 pm; Fab 11, 14, 17

■ WASHINGTON

CONCERTS

Kennedy Center Tal: (202) 467 4600

● National Symphony Orchestra: with violinist Cho-Liang Lin. Paavo Berglund conducts Kokkonen, Tchaikovsky and Brahms; 8.30 pm; Feb 10

GALLERIES

Corcoran Tel: (202) 638 3211

● Family Lives: photographs by Tina Barney, Nic Nicosia and Catherine Wagner; to Feb 13

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● Semele: by Handel. Conductor Martin Pearlman. Roman Terleckyj directs a Zack Brown production; 8 pm; Feb 15

● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene; 8 pm; Fab 13 (7 pm), 18

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THE FT INTERVIEW: Volker Rühe

Front row defender

When Volker Rühe became Garmany's defence minister three years ago hs was widely tipped as a possible successor to Chancellor Helmut Kohl.

Soon afterwards his career nosedived, when his attempt to savs money and win public support by cancelling the Eurofighter project ran into opposition from Theo Waigel, the finance minister. Eurofighter meant jobs in Bavaria, homeland of Waigel's party, the Christian Social Union. The chancellor firmly backed the finance minister's view, and Rühe was humiliated.

But the Hamburg-based defence minister, built like the rugby forward he was during a brief stay at Hurstpierpoint public school in England in 1961, is nothing if not a stayer. He soon found a new theme, the need for eastward expansion of Nato, with which to raise his political profile.

Here too he seemed at first to have overreached himself. The foreign ministry, headed by Klaus Kinkel of the Free Democratic Party, poured cold water on the idea, fearing it would alienate Russia. There was caution elsewhere in Europe, and initially in Washington too.

But late last year US policy shifted, and the European consensus appears to be following suit. At last weekend's Wehrkunde conference on European eecurity in Munich, Kinkel himself declared that "we must expand Nato eastwards because there can be no economic development without external security", and Rudolf Scharping, leader of the Social Democrat opposition, said much the same. Rühe hardly needed to labour the point.

For Rühe, the conference was a personal triumph. He had stuck his neck out by publicly disinviting the Russian defence minister, Pavel Grachev, after the latter's intemperate attack on critics of the army's behaviour in Chechnya. Grachev's last-minnte replacement, the chairman of the parliamentary defence committee, publicly praised Rühe for having the courage of his convictions.

Not surprisingly, the minister returned to Bonn in ebullient form. "I brought this subject [Nato expansion] on to the political agenda," he declares, "and I'm very content with the progress we've made."

Volker Rühe, German defence minister: 'Go for co-operation'

He would not be drawn on the thorny issue of which new members should be admitted to Nato first, except that clearly Poland will be one of them. He expects the current study on "why and how" to be completed by September, and the more contentious decisions on "who and when" to be discussed when Nato defence ministers meet in December.

Last year he caused a stir by saying Russia could never be a candidate. Now he puts it slightly differently: "You cannot organise Europe just around this one principle of integration and membership. What you have to do is also go for co-operation and strategic partnership." Clearly the former is intended for countries on their way into Nato and the EU, the latter for Russia and Ukraine.

Mr Rühe is as unrepentant abont Eurofighter, claiming Germany's partners in the project – Britain, Spain and Italy – are now grateful to him for cutting its cost by insisting on a slimmed down version. Indeed, he sometimes calls himself the aircraft's "only friend", as he tries to extract funds for it from the Bundestag – a task he describes as "difficult, but possible".

His ministry is locked in negotiations with German industry which he hopes will elicit an acceptable price. But he will not be drawn on the contentious issue of production shares. "We'll stick to what has been agreed," he says, "because otherwise people give dream numbers. Everyone has to take the first 140 [planes] and then we'll see how things develop."

Mr Rühe is delighted that the US now sees a distinct European "defence identity" as strengthening Nato, not competing with it, and is determined that Germany will play its full role both inside and outside Nato's borders – something which last year's ruling by the German Constitutional Court has at last freed it to do.

This year's big task is to remould the Bundeswehr into a more flexible force better suited to post-cold war conditions, by creating all-volunteer "crisis reaction" forces which can be sent to trouble spots – units separate from the main defence force of which Mr Rühe is proud. "The Bundeswehr will be prepared for the most likely situation of the future. So far we are best for the most unlikely situation."

When Germany sent troops to Somalia in 1993 – the largest ever overseas dsployment since the second world war – the minister had to raid 250 different units to piece together a 1,700 strong volunteer force. It is not an experience he wishes to repeat.

He has never accepted, he says, the notion that German armed forces cannot ba deployed in countries occupied by the Wehrmacht during the second world war. His formula is: "We will go where we can be part of the solution and not part of the problem."

Bosnia is still clearly in the latter category, as far as ground troops are concerned, but Mr Rühe insists that "our prime responsibility lies in Europe and on its periphery". Here again there is a clear difference of emphasis between him and Mr Kinkel. The latter is keen to offer German soldiers for UN peacekeeping missions, partly to strengthen Germany's claim to a permanent seat on the Security Council. Mr Rühe is, to say the least, laid back about this claim. "I'm not pushing," he says. "There is no reason to push because it means extra responsibility and not extra joy. It means that 24 hours a day you have to say yes and no to certain crises, and this is not exactly what Germany is used to – to put it mildly."

He admits, though, that his own first preference – for the EU to have a single seat on the UN Security Council – is not a runner in the present political climate. Indeed, although in his Munich speech he had a harsh word for "trendy Euroscepticism", he prefers to draw attention to the passage in which he stressed the role of the sovereign nation-state. And he points to similarities with the recent speech on this theme by his British opposite number, Malcolm Rifkind, as well as the anti-federalist article by the French prime minister in Le Monde last November.

A long-standing Anglophile, who as CDU general secretary developed close relations with the UK Conservative party, Mr Rühe insists he has not given up on his old friends. "This is just the beginning of the debate" on the 1996 intergovernmental conference, he stresses, "and it has to be a realistic one ... What we really have to do is look at the details and see what can we achieve".

Michael Lindemann and Edward Mortimer

Europa: Luigi Vittorio Ferraris

Italy takes a deep breath

After the crumbling of Mr Silvio Berlusconi's coalition under the weight of its internal contradictions, the new government under Mr Lamberto Dini came as no great surprise. The big question now is which party or parties will inherit the allegiance of the moderate majority of the Italian electorate.

Mr Berlusconi's coalition had little backing from big business and intellectuals. It owed its electoral victory last March to the support of a wide range of social groups ranging from the middle classes to lower-income wage-earners. The support this part of the electorate had previously given to a catch-all party, the Christian Democrats, was transferred to new parties under the influence of Mr Berlusconi's movement. The next election, likely to ba held within a few months, will show whether the realignment of the centre in Italian politics has entered a new and decisive stage.

The middle-ground majority would still prefer to be ruled by well-balanced political centre parties, while Mr Berlusconi appeals to the conservative or free market side of the spectrum. Professor Romano Prodi, the former head of the state holding company IRI, has now entered the political stage as the new leader of anti-Berlusconi forces on the centre-left, but it is too early to say how attractive a candidate he will be.

In the shifts taking place in Italian politics, two factors play a crucial role. First, the country is undergoing a change in its social structure as the aspiration takes hold that the state's encroachment into economic life should be diminished. To win the country, policies are needed not simply to outline plans for economic liberalisation, but also to change people's behaviour so that they do not rely too much on the state.

Second, Italy is an extreme case of a general western phenomenon: electorates' dissatisfaction with the political class. Last March, after many deputies had been engulfed by a tide of scandal, two-thirds of parliament was replaced. But the task of full-scale political renewal has been more difficult than expected. The newcomers lacked political experience. Moreover, they were confronted by a political elite in other parts of the ruling structure, above all in the media, who had enjoyed power for decades. The new entrants were resented as intruders in the exclusive club of politics and could not find their feet.

Taking people from Italian 'civil society' and turning them into politicians is a path that is fraught with pitfalls

Taking personalities from Italy'e "civil society" and turning them into politicians is a path fraught with pitfalls, in Italy as elsewhere. Some of these people found it hard to avoid conflicts between their personal interests and their official duties, for instance when it came to giving up existing links with corporatione. Mr Berlusconi himself hardly gave a lead by showing himself reluctant to part from his cherished business.

As part of the attempted renewal of their democratic system, the Italians changed the rules of the game, perhaps without taking into account the intricacies of the new system. To try to make parliament more effective and government more stable, a mixed system of proportional representation and "first past the post" voting was introduced: English-style, they think in Italy! This intensified the trend towards voting on personalities rather than parties. Combined with the excessive use of referendums, the result has been to increase the importance of the media and the influence of demagogues. Reforms of broadcasting legislation and media control will be a crucial task for Mr Dini, but in a country where people are as independent in their judgments as the Italians it will be impossible to carve up the media pie in an equal but artificial fashion.

It is a measure of Italy's crisis that an influential part of the old political establishment has now turned for salvation to a non-elected government composed solely of technocrats. Although clearly conceived purely as a temporary solution, it is a strange revamping of an old authoritarian ideal of the right. But the desire to fill the executive with people who have not been voted into power aptly symbolises the popular revulsion against elected politicians: a feeling found elsewhere in the continent as well, above all in central and eastern Europe.

The people may come to the conclusion that it is better to be ruled by competent experts, even if they are conservatives from the upper classes. However, Italy faces tremendous challenges, above all in reducing the size of the debt burden and adapting the social security system to changed demographic and economic circumstances. It would be folly to pretend that solutions can be found to these questions simply on the basis of rational technical decisions which somehow avoid the need for fundamental political choices.

Even if the technocrats succeed in winning Italy a respite, this could end up reducing further the esteem in which politicians are held. For if elected representatives are proved to be inferior in discharging government responsibilities, will the people trust them any more in future? A real danger to democracy could arise if voters were deprived of the possibility of voting a government out of office simply because it was made up of highbrow technocrats.

The Dini government has pledged tough economic measures. And, in a swirl of opportunism (alas, an Italian tradition), leftwing parties that previously brought lm protesters on to the streets to oppose such measures now say they support the technocrats who want to put them into effect. It may therefore be that the present truce in Italian politics will not last all thet long.

What will happen next? Italians are a realistic people: they have few illusions about the outcome of the transition. But they will also grow impatient if politicians hesitate in giving up the old habits that have cost the country dearly. Mr Dini's technocrats offer a breathing space, but no more than that. Answers to Italy's problems will be painful, but they can be found and implemented only with the will of the people. Sooner rather than later, the power of the ballot box must re-assert itself.

The author is head of the department for international relations at Luiss university in Rome and a judge in Italy's Council of Stote (supreme administrative court)

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Democracy the priority in EU debate

From Mr Christopher J. Airey.

Sir, As the debate on Europe and the integration of EU members drops to the level of insult, could I ask your paper to continue to resist the temptation to trivialise?

The single currency debate is conducted as though it is only a question of what portraits are on the notes, or a matter of simple economics. Once economies are sufficiently congruent, they say, we can join. But how do they know that these economies will not diverge again, and does this not characterise what happened during Britain's sorry membership of, and exit from, the ERM?

Let us suppose that we do join a single currency version of the EU. There will be a European Central Bank, which will presumably have duties and obligations similar to those of the Bundesbank. That institution will therefore govern the money supply and guard against inflation.

If there is one currency and one money supply, there is a strong probability that ona budget authority and one assembly to govern it will follow. Intellectually it does not matter to me if this assembly supplants many of Westminster's current prerogatives. What does matter is the lamentable state of EU parliamentary democracy. Effectively governed by the commissioners and reviewed by the Council of Ministers, the parliament is greatly lacking in teeth, as its inability to intervene in the appointment of commissioners showed.

If the main revenue-raising body of the EU becomes European, then it should be firmly rooted in a democratically elected parliament that has all the powers one expects of such a body. The executive would then be those people who could command a majority in the assembly, and not the placemen of the national politicians as they are now.

The real debate should be about the need for reform of the Commission and parliamentary structure. UK membership of a closar union should be linked to that, not the narrow, and flawed, economic considerations that currently prevail.

Christopher Airey,
director,
NatWest Securities,
135 Bishopsgate,
London EC2M 3XT,
UK

Measure of commodities' worth is total return

From Mr Ronald J Gould.

Sir, As long-term investors in commodities, we read your editorial "Speculation in commodities" (February 8) with interest. We strongly believe that commodities should be regarded as a useful asset class in mainstream investment portfolios because their negative correlation with equities and bonds reduces risk.

Commodities should only be compared with other asset classes on a total return basis. This takes into account not only spot price changes, bnt also the income produced from cash provided as collateral for positions in commodity futures and the return which occurs from rolling over near-term contracts.

To measure commodity returns solely on a spot basis is to ignore a large part of the performance picture.

On a total return basis, commodities have, over the past 25 years, all but kept pace with UK equities and have outstripped the major bond indices. While commodities may be intrinsically more volatile than bonds, they are no more so than equities. But, as with other asset classes, it is important to minimise volatility by diversification.

The value of diversification was illustrated on Monday, the day of the commoditiee "crash". Nickel and lead, which registered the largest falls, together account for only 1.1 per cent of the benchmark Goldman Sachs Commodity Index (GSCI), which comprises 22 commodities.

Several index constituents – including natural gas, silver, corn, soybeans, live cattle and live hogs – actually rose, while the GSCI itself fell by only 0.19 per cent, hardly the stuff of a speculative collapse. As such, we believe that commodities represent an asset class in which the assets of pensioners may prudently be invested.

Ronald J Gould,
managing director,
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1 Swan Lane,
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GDP measure of relative corporate tax rates

From Mr Graeme Cottam.

Sir, Prospective foreign investors in the UK should not be discouraged by the report that Sweden, Finland and Norway now have the lowest corporate tax rates among members of the OECD ("[UK] corporate tax rates no longer the lowest", February 6). The headline tax rate is only one part of the effective tax rate equation.

Foreign investors must also note that the definition of taxable profits, the tax base on which the rate is applied, still varies greatly within the OECD. To the extent that a reduction in the corporate rate has been achieved by a broadening of the base, as happened in many countries in the 1980s, the benefit of the reduced rate could be regarded as illusory.

If foreign investors wish to obtain a broad view of whether a country is a high or low-tax country, they should consult the OECD's statistics of tax revenues as a proportion of gross domestic product.

It is interesting to note that the three countries cited in the tax rate report – Sweden, Finland and Norway – are placed first, fourth and sixth in the OECD's own table, collecting respectively 50.0, 47.0 and 46.6 per cent of GDP in tax (*Revenue Statistics of OECD Member Countries*, OECD, 1994). In contrast, the UK is 17th in the OECD table, collecting only 35.2 per cent of GDP in tax.

Graeme Cottam,
partner, international corporate tax services,
Price Waterhouse,
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London SE1 9QL, UK

Funds for Maxwell claims

From Mr M.L. McKillop.

Sir, Your report of the settlement between joint administrators to the AGB Group of Maxwell private companies and the trustees of the six relavant pension funds gave the impression that Arthur Andersen had agreed to settle the trustees' claims ("Pension trustees agree £10m deal on missing cash", February 8). There are not, and never have been, any claims against Arthur Andersen in relation to Maxwell private companies pension funds.

The pension trustees' claims are against specific Maxwell private companies in their capacities as former employers. Acting in our capacity as joint administrators to the relevant Maxwell private companies, we negotiated a settlement of the trustees' claims. This settlement, which has avoided expensive and protracted litigation, will (once approved by the relevant creditor committees) be satisfied from the funds recovered by the administrators on behalf of the companies' creditors. The majority of these funds, in this instance, arise from the successful sales of the relavant companies' businesses and assets.

M.L. McKillop,
joint administrator,
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London WC2R 2NT, UK

Celebrations should reflect on success of European concept

From Mr Jo Carey.

Sir, It is to be hoped that those responsible for organising the celebration on May 8 of the 50th anniversary of VE day will not have overlooked the fact that tha following day, May 9, marks the 45th anniversary of another important and very relevant event.

I refer to the launching on May 9 1950 of the Schuman plan, which gave birth via the Coal and Steel Community to the European Union as wa know it today. Schuman's stated objective was "to make war not merely unthinkable but materially impossible".

The EU has its faults, as I know well from experience, but if Schuman were around today ha would be entitled to feel some satisfaction at the extent to which the history of the second half of the 20th century has progressively validated his original concept, and some disappointment at the fact that the EU member state which did most to save Europe in the war has been so reluctant to learn the lessons of the war.

Some of us are worried that the VE day celebrations will be hijacked by the sort of nostalgia and distinctive little-Englandism which is currently rampant in certain political circles. Some simultaneous commemoration of Schuman's initiative would be a welcome antidote, would introdnce a forward-looking note to the occasion, and would be an eminently appropriate tribute to the sacrifice of those who lost their lives.

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FINANCIAL TIMES

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Friday February 10 1995

UK's role in Europe

The chancellor of the exchequer is among the most convinced supporters of British participation in the European Union within the present cabinet. He may also be the cabinet's most powerful member, not excluding the prime minister. For both reasons, his speech to the European Movement'a gala dinner yesterday was of the highest importance. His task was to define – and defend – an acceptable basis for British engagement with the EU in general, and with economic and monetary union (Emu) in particular. His remarks will not be final. But they were sensible in more than UK terms.

"Our goal," insisted Mr Clarke, "should be a strong Britain in the heart of a strong Europe, a Europe of strong nation statea acting together to further common interests where they exist, but retaining the essential features of national identity. The bottom line on every proposed new policy should always be 'would this European policy be good for Britain?'" This Gaullist conception of the EU ought to form a basis for agreement within his party, although it conflicts rather more with ideas on the continent than Mr Clarke cares to admit.

Where the chancellor is on firmer ground is in emphasising the many benefits that the UK has drawn from EU membership: inward investment, for example, largely designed to exploit the wider European market. It would, as he insisted, be the height of folly for the UK to turn its back on European developments.

To be engaged is one thing, to be part of everything is quite another. "Whether or not Britain should participate in a single currency is," remarked Mr Clarke, "one of the most important economic policy decisions that the British parliament will eventually have to make." This is a careful formulation, one that excludes a referendum and narrows Emu to a purely economic decision. Both points are debatable.

Economics of Emu

Mr Clarke's remarks on the economics of Emu, which were in line with those of the governor of the Bank of England, Mr Eddie George, in Paris last week, deserve some applause. His view that "a single currency would not work unless the participating European economies were marching as one" may go much too far, since this is rarely true within existing unions. But abandonment of the exchange rate as a policy instrument is indeed risky, for Europe and for individual countries.

The chancellor argued that the Maastricht convergence criteria on interest rates, inflation, fiscal deficits and debt are merely necessary conditions for a workable Emu. The truth, however, is that they are neither necessary, nor sufficient conditions.

Fiscal deficits

They are not necessary because it would be perfectly possible to combine Emu with high fiscal deficits and debt in particular countries, provided tha commitment not to bail out a government that found itself in difficulties could be made credible to the markets. They are not sufficient, as Mr Clarke said, because they ignore the real economy. The questions here are two: first, whether substantial divergences in economic conditions have emerged – or may in time emerge – within Europe, the answer to which is yes; second, whether adjustments in nominal exchange rates can help cure such disequilibria, to which the answer is also yes.

Mr Clarke argued that Emu does not entail political union. This may be so, although his example of the link between the Austrian schilling and the D-Mark is misleading. But many do regard Emu as a step towards such a union. Mr Clarke warns that "the havoc that would result from a precipitous and badly prepared move to a single currency would undermine the political unity that the enthusiasts for a deeper political union are seeking."

Amen to that. Entry into Emu must not be taken an act of political machismo. Irrevocable abandonment of the exchange rate is a step of the greatest gravity. Only a country sure that it can live with the consequences, economically and politically, should contemplate it. That is why real economic conditions will matter and why public consent will also matter. It may, as Mr Clarke remarked, be many years before Emu begins. But "the time has come for a sensible and informed debate." Such a debate is indeed needed, not just in the UK, but throughout the EU.

Keeping Korea on track

When North Korea signed its nuclear agreement with the US last October, it looked for a while as though the world could breathe easily about a problem that had threatened to destabilise more than just the north-east Asian region. But the flaws in the accord are beginning to show.

To aucceed, the agreement depends crucially on Pyongyang accepting South Korea as the designated supplier of its "safe" light-water reactors, and by extension on an improving relationship between the two Koreas. So far, North Korea has not agreed to accept South Korean reactors, and relations between them remain virtually non-existent. To complicate matters further, final agreement is lacking on an international financial package to support the accord.

Of the total estimated cost of $4.5bn, South Korea is expected to provide up to $3.6bn, Japan roughly $700m, and the US and other donors the balance. Governments in Europe, the Middle East and Asia could give the process a push by responding sympathetically to requests from the US for token financial contributions.

Such broad-based support would underline the importance attached by the outside world to the agreement succeeding. North Korea needs reminding that it cannot achieve the international recognition that it desires by freezing the South out of its dealings with the world. Detente on the Korean pensinsula requires accommodation with a willing Seoul.

The problem is that, unless North Korea does accept South Korean supplies, Seoul is unlikely to absorb its share of the cost. But there is little chance that any other supplier will offer the highly concessionary finance envisaged in October's agreement.

Weapons manufacture

There is a separate risk that North Korea will either remain unwilling to allow eventual inspection of its waste-reprocessing sites as the agreement provides or that such inspection will reveal that it does indeed possess nuclear weapons. In that case the whole deal could collapse when inspections start in around fiva years tima. A third problem is that the light water reactors North Korea is supposed to receive will still produce plutonium that can be used in weapons manufacture.

Potential contributors might use such concerns to justify refusing support. But they should consider the risks of refusal and the arguments for burden sharing. European participation would help Japan justify large-scale government funding as well as encouraging support in the US Congress. US appropriations will be only a fraction of the revenue US companies will earn from the deal. Japan can claim that European countries should reciprocate for the assistance it provided after Chernobyl.

International support

It is not certain that the deal would unravel without international support, but its prospects would be enhanced with it. If the deal collapsed the world would be back to square one, facing a defiant, possibly nuclear-armed North Korea. Since sanctions would be ineffective, there would be little remedy short of military action.

One of the advantages of this agreement, at least on paper, is that it provides for a gradual opening up of North Korea to the outside world and a rapprochement with the South. That must be in everybody's longer-term interest. Once detente was under way, it might not matter what the eventual inspections of North Korea's rsprocessing sites revealed. Similarly there would be less cause to worry about the plutonium produced by Pyongyang's new reactors.

There remains the concern that to reward North Korea for its nnclear threat would set an unhealthy precedent. Certainly Pyongyang does not deserve aid over and above that which is needed to complete tha nuclear project. But it is unrealistic to imagine that a country in North Korea's position would co-operate without some financial incentive.

A sceptical US Congress has clearly decided to accept the deal for now because it does not want to be regarded as responsible for scuppering the process when the alternative might be US military mobilisation in Korea. The rest of the world should take that argument to heart and lend its own support.

Big gamble on a European thrust

Guy de Jonquières and **John Burton** ask if the stampede abroad by South Korean corporations is brave or foolish

After the influx of US multinational companies earlier this century and the spread of Japanese manufacturing "transplants" in the 1980s, a fresh wave of foreign direct investment is heading for Europe. Driven by ambitious plans for global axpansion, the South Koreans are on their way.

The charge is led by Samsung, one of the largest *chaebol* – the sprawling conglomerates that dominate Korea's economy. Since last autumn, it has announced plans for a £450m consumer electronics complex in north east England, an excavator plant in Yorkshire and a deal with NEC, a leading Japanese electronics company, to make computer memory chips in Europe.

Other *chaebol*, including Daewoo, Hyundai and LG (formerly Lucky-Goldstar), are hard on Samsung's heels. Daewoo says it is already committed to projects that will raise its European investments from $300m to $1.3bn – equal to the total of reported Korean direct investments in Europe late last year.

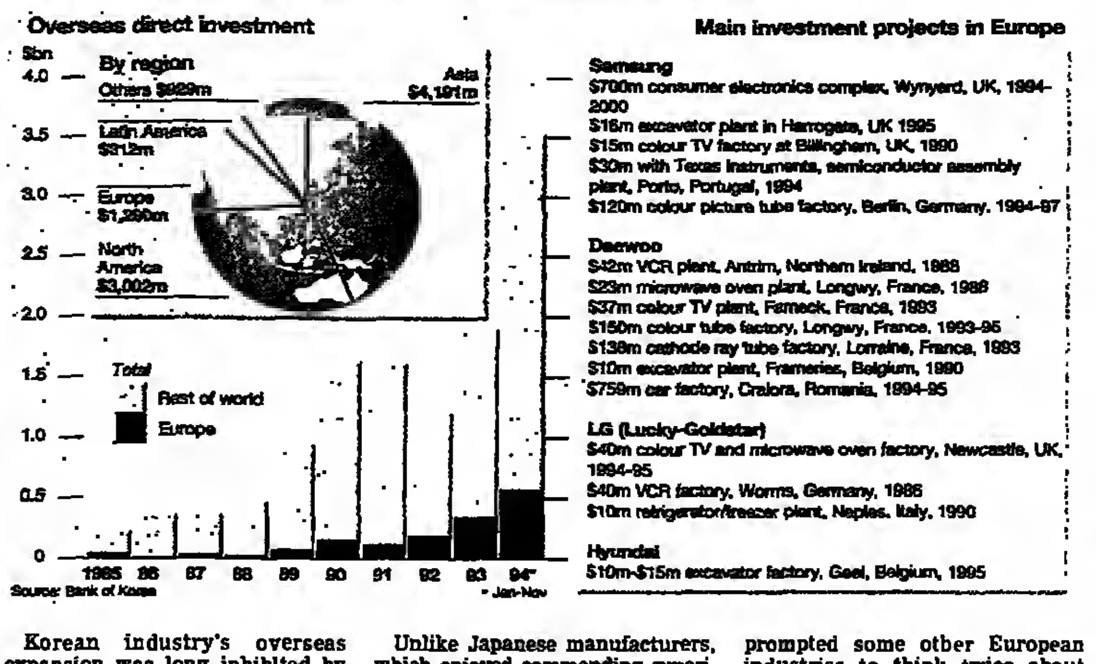
More projects may soon be on the way. Samsung says it wants to build or buy a big European chip factory, and Daewoo is considering a car assembly plant in Britain. The London office of one large international consultancy firm, which had no Korean clients two years ago, says it is advising more than 40 on plans to set up in Europe.

"The trend is definitely set to grow," says Professor Chong Choi of London's City University Business School, who has advised Hyundai on its European strategy. "The *chaebol* are very oligopolistic – once one moves, the others follow," says Mr Kim Yoon Hak, a fellow Korean who is a researcher at Manchester University Business School.

A mixture of motives lies behind the *chaebols'* stampede abroad. In some respects, they are following closely in the footsteps of Japanese companies, which they have long regarded as arch-rivals. But in other ways they are breaking new – sometimes risky – ground.

Like Japanese industry a decade or so ago, Korean companies face growing pressure to "globalise" their business by shifting part of their aggressive export drive into offshore production. High labour and land costs at home are eroding the competitiveness of some industries – particularly electronics, which has led recent overseas expansion. "Low-cost production is the key to survival in the consumer electronics industry, where there is over-capacity worldwide," says Mr Bae Soon-hoon, president of Daewoo Electronics. Daewoo says the $1,300 average monthly wage at its video-recorder plant in Kumi, South Korea, is higher than the $1,200 it pays at a similar factory in Antrim, Northern Ireland.

South Korean investment: breaking new ground



Korean industry's overseas expansion was long inhibited by tight foreign exchange controls. However, since they were relaxed late last year, companies have scrambled to pour money into projects as far afield as China, central Asia, India and Latin America.

Historically, Europe has not loomed large on Korea's commercial radar screen, accounting for less than 10 per cent of its annual exports and $1.3bn of its $9.7bn total direct investments abroad as of last November. By contrast, $4.2bn has been invested in Asia and $3bn in North America.

But European governments have recently stepped up their efforts to win a bigger share of Korea's global spending spree. They are increasingly courting investment with high-level trade missions and offers of generous financial incentives.

The European Commission has pitched in, too. "We have been selling the attractions of Europe's single market pretty hard in Korea," says one official. Both sides have recently sought a closer political dialogue and are discussing a trade and co-operation agreement.

Unlike Japanese manufacturers, which enjoyed commanding superiority in quality, productivity and technology when they started moving abroad, many Korean companies are also attracted to Europe by opportunities to acquire industrial know-how. That is why Samsung wants to buy Rollei, the German camera maker, and Nouvelle Piquerez, a Swiss clock company.

However, many Korean companies – like the Japanese before them – have been induced to set up in Europe as much by sticks as by carrots. The keenest spur has been a succession of anti-dumping cases brought by European manufacturers which claim they are being injured by Korean exports sold at artificially low prices.

So sensitive have Korean manufacturers become to such complaints that they have sometimes chosen to sidestep them by setting up plants in Europe even before Brussels has opened formal anti-dumping proceedings. A recent complaint by European excavator manufacturers triggered such moves by Samsung and Hyundai.

The speed of their response has prompted some other European industries to think twice about launching anti-dumping actions. ACEA, the European motor manufacturers' association, says a report by an independent consultant last year found clear evidence that Korean cars were being dumped in Europe.

However, Mr Rudolf Beger, ACEA's executive secretary, fears an anti-dumping complaint could prove a "two-edged sword" by prompting Korean carmakers to set up assembly operations in Europe. That would cause a new headache for the European industry, which is still struggling to adjust to new capacity created by local Japanese "transplants".

Though these remain politically controversial, in most other sectors the Jspanese have done the Koreans a favour by smoothing away local hostility to inward investments from Asia. Even the French government, once openly critical of such projects, now competes hard to attract them and the jobs they create.

Its enthusiasm is reciprocated by Mr Bae of Daewoo electronics, which has four French plants, deliberately sited in areas of high unemployment. "We find it much easier to communicate with the labour force in France than in Korea, despite language differences," he says. "We find it a very good environment for business."

So far, Germany has proven the most popular EU location for Korean direct investment, attracting 20 per cent of the total. Britain accounts for 16 per cent and France for 14 per cent. But the recent flow of large projects to the UK suggests it may soon move up the rankings.

However hospitable the welcome, Korea's march into Europe could still face hurdles. Professor Choi of City University says the *chaebol* have done little local homework before investing there, and rely heavily on experience gained in the US. Their readiness to rush in is particularly striking in eastern and central Europe, where few Japanese companies have yet been ready to tread. "The Japanese have 80 per cent of the data they need and are still hesitating," says Professor Choi. "The Koreans have only 20 per cent but are forging ahead."

Investing on the basis of such limited knowledge reflects self-confidence – but also involves big risks. These are heightened by the challenge of financing so many worldwide projects simultaneously, and integrating them into the *chaebol's* highly centralised and hierarchical management structures.

The *chaebol* are currently enjoying a strong profits recovery, fuelled by buoyant economic growth at home. But years of relying on debt as their main source of capital have left them exceptionally highly geared and limited their margin for commercial error.

Against that background, Samsung's ambitions appear particularly heroic. In addition to its rapidly growing list of ventures overseas, it is committed to investing $5bn in the next few years to become a volume car producer.

Finally, the speed and scale of the *chaebol's* global expansion could yet lead to political tensions. Brussels officials say that unless Korean companies' strides into the EU are matched by increased access for European businesses in Korea, Seoul will face mounting pressure to lower its barriers to imports and foreign investment.

However, Korea's economic development in the past 30 years has been marked by success in gambling heavily on industrial projects that appeared impossibly risky at the time. That record argues against predictions that the country's impetuous global thrust will fail to achieve its objectives. But there may be some bumps along the way.

Chrystia Freeland sees the likely result of an unpopular war as a setback for Russian reform

Chechnya's other loser

Now that Russian forces have captured Grozny, the political consequences of the Chechen war are becoming apparent. And, remarkable as it may seem, Mr Boris Yeltsin, the Russian President, and his inner circle may have gained more from the Chechen misadventure than they have lost.

While the war in Chechnya failed to deliver a swift victory, it appears to have strengthened the grip on power of the hardliners and weakened the position of the democratic reformers.

"The war did not go according to plan, but it showed that, at the end of the day, the president rules and he can do whatever he wants," says Mr Michael McFaul, a senior consultant at the Moscow office of the Carnegie Endowment for International Peace.

This is not to say that the Chechen conflict has been the political panacea which the war's architects were expecting.

"Yeltsin and the hardliners are not going to get the political payoffs they were hoping for," according to Mr McFaul. "Yeltsin wanted a quick, small victorious war to show that there was a *muzhik* [a real man] in the Kremlin, and he has not gotten that."

But if the Chechen conflict has not been a Russian replay of the Falklands war, in which Britain defeated Argentina in a matter of days in 1982, the slow but implacable progress of Russian forces in the North Caucasus has not been Mr Yeltsin's Vietnam either.

"I do not know what it would take to create a really big political crisis in Russia," a senior western diplomat in Moscow said this week. "Over the past nine months you've had the rouble crisis, a cabinet crisis and now Chechnya. But, despite it all, life seems to go on."

Indeed, far from weakening the current trend towards authoritarianism, as soma observers predicted, the Chechen war has undermined democratic forces.

This outcome may seem perverse. After all, the war has been deeply unpopular and revealed profound disorganisation within the military.

Observing that it was the hardliners who conceived of thia ham-handed and domestically unloved operation, western pundits have begun to call upon Mr Yeltsin to "move away from the cronies who got him in this mess" and return to the embrace of the democrats.

As the fighting in the Caucasus winds down, some heads are already beginning to roll and others seem likely to follow. Yesterday Mr Yeltsin sacked two deputy defence ministers, one an outspoken opponent of Chechen campaign, and the other a target of a corruption investigation. This followed the sacking last month of Mr Nikolai Yegorov, a deputy prime minister and leading hawk. The position of Gen Pavel Grachev, the Minister of Defence, is precarious.

But when Mr Yeltsin prepares his full list of scapegoats for the mishandling of the war – as he is likely soon to do – he will he sacrificing individuals, rather than the authoritarian policy they have advocated.

That is because, while Mr Yeltsin may fault his defence minister for failing to deliver the two-hour victory he promised at the ontset of the conflict, the president shows no sign of backing off from the principles which prompted the war.

One of those principles was that Russia will defend its territorial integrity by force, and Mr Yeltsin drove that message home this week when be warned "the peoples of Russia" that devastated Chechnya is an example of what happens to would-be separatists. Another principle was that Russia requires a strong, well-funded military backed by a prosperous defence industry. Market reformers in the government have suggested that the military's poor performance would be grounds to deny funding, but ministry of defence officials are making the opposite argument and they appear to be winning.

Most disturbingly, the Chechen war has revealed the extent to which Russia remains an authoritarian state, albeit a fumbling one.

Even the courageous opposition to the war of most of the Russian media has indicated, paradoxically, the weakness of Russia's democratic institutions. As Evgeni Kiselev, Russia's most popular TV anchorman, put it, "this war shows that Yeltsin can spit on public opinion, and get away with it".

Moreover, the Chechen war has undermined the position of Russian politicians who have spearheaded efforts to create a more liberal, democratic state. "The real losers are the reformers," says Mr McFaul. "They are now internally divided over the war and, during the next elections their patriotism will he called into question."

It is these developments which have prompted Mr Sergei Kovalyov, Russia's human rights commissioner to predict that the greatest casualty of the Chechen war will be Russian democracy.

"Some form of authoritarian power will be built up," Mr Kovalyov says. "There will be a catastrophic widening of the gulf between the government and the people."

It has been tempting to hope that the slow capture of Grozny would be a pyrrhic victory for its hardline instigators. But, although more individuals are likely to be sacked for hungling the campaign, the authoritarian political vision they profess could emerge triumphant.

OBSERVER

Red star five star

■ Next time you spot a busload of jaunty French types whizzing round Beijing, you can bet on them being brandy sales reps. It seems China has knocked Japan into third place of the world's brandy market league table, with the US still number one.

Intriguingly, Chinese tipplers prefer really upmarket brands, those too expensive for European pockets, according to the *Beijing Legal Daily*. Spirit imports in 1993 – 99 per cent being cognac – amounted to 720,000 12-bottle cases, selling for between $59 and $118 a bottle.

Moreover, only 150,000 cases were legally imported, the rest being smuggled. Given that such imports are estimated to be growing 40 per cent a year, where is all the stuff going? The *Legal Daily* suggests there are only 5m Chinese households with annual income in excess of $5,900; so someone's doing some hefty swigging. Keep the party partying, so to speak.

Right swizzle

■ Trust the Swiss not to miss an opportunity to make some money.

Zurich's commercial court, which has just issued a judgment on some aspects of the epic governance row between the board of Union Bank of Switzerland and Martin Ebner's BK Vision, sensed there would be hig demand from UBS shareholders and others for its tome. So it's asking for payment – about £12 – for copies, the first time it has done so.

By close of play yesterday it had about 40 orders, according to the court's clerk, Johann Zürcher, who claims the court is only trying to recover its costs. Only another few thousand copies to go then, eh?

Castro's cast-offs

■ It's probably not surprising, now that he has started buying designer-label suits, that Fidel Castro, Cuba's president, should regard foreign investment as not such a nasty thing after all.

Castro has bought three suits from Dutch designer Merel van 't Wont, who visited Cuba between August and December last year to kit him out. "He normally wears warm green... [and] looks great in it and I think that's fine, but my advica is something else," says Van 't Wont.

In an interview with tha Cuban communist party newspaper *Granma* Castro says foreign investment is "working and we see it as an important source for development, we would not have had another alternative", but adds: "We don't want to sell the country... nor are we prepared to sell the country."

By the way, he's all in favour of level playing fields, too: "If a Cuban suddenly finds a treasure trove and has $5m or $10m and wants to invest it, we could make a mixed enterprise with this Cuban citizen."

Form an orderly queue, please.

Clever feint

■ It walks out of one door, and through another. Who? Why, Sinn Féin of course.

While yesterday a Sinn Féin delegation broke off a meeting with British government officials – apparently for fear their chat was being bugged, how absurd – another delegation from the political wing of the Irish Republican Army will this Saturday arrive for a week in South Africa. There it plans to study the pact reached between the former apartheid regime and the African National Congress.

Led by Tom Hartley, Sinn Féin chairman, the team will meet such key figures in South Africa's political transition as Roelf Meyer, constitutional development minister, and Constand Viljoen, leader of the white separatist Freedom Front.

It's obviously a canny move; before you can say 'Guinness', Nelson Mandela will be ovar in Ulster, shaking Ian Paisley's hand.

Snow White tale

■ The Japanese have finally got a toe-hold in the heart of Burgundy. Snow Brand Milk, Japan's biggest agricultural products group, has gained control of the widely respected family wine producer and merchant, House of Joseph Drouhin.

Established 100 years ago, and situated in Beaune, the House of Drouhin possesses a string of vineyards in the finest Burgundian communes of Chambolle-Musigny, the Cortons, Gevrey, the Chambertins, Puligny-Montrachet, Volnay, and Vosne-Romanée.

Drouhin has established with Snow Brand a joint holding company, with initial capital of FFr200m and giving Snow Brand a controlling 51 per cent; chairman will be Snow Brand's president, Sumio Katayama.

Snow White Volnay; catchy name, but what about the taste?

Reductio ad-man

■ The unquenchable Maurice Saatchi turned up at the Foreign Press Association in London this week, giving a speech entitled "Reductio ad Veritas: the Search for Truth in Advertising".

As some of you will have spotted, this contains a basic grammatical howler; it should be *ad veritatem*.

Of course there's little shame these days in not knowing Latin, though only an ad man would go ahead and use it anyway.

But to use it in a speech on truth in advertising shows remarkable neck.

The Financial Times

50 years ago

Courts' powers challenged

From Our Own Correspondent, Johannesburg. The diamond companies charged under the Anti-Trust Laws in the US do not carry on any business in the US and are contesting the jurisdiction of the US Courts. This point was made by Mr H.F. Oppenheimer, chairman of Rand Selection Corporation, at its annual meeting here today.

"I do not propose to make any statement on the legal position at this stage, but there are points which should, I think, be made clear. The central marketing organisation for the diamond producers has done everything in its power to ensure that adequate supplies of industrial diamonds are available to the war industries of the United Nations at pre-war prices.

"It is only due to the existence of this organisation and the stocks it had accumulated that adequate quantities of industrial diamonds can be made available, and there is no doubt whatever that without it the prices for these industrial goods would have been vastly higher than they are today."

The Financial Times was not published on Sunday, February 10 1895.

FINANCIAL TIMES
Friday February 10 1995

Canada plays solo country tune

Bernard Simon and **Nancy Dunne** report on an Ottawa decision that has the US crying foul

Ms Sheila Hamilton, executive director of the Canadian Country Music Association, admits that it is often hard to distinguish between US and Canadian versions of country music's heaven-to-heartbreak lyrics and steel-guitar instrumentals.

But the similarity between the Nashville and Saskatchewan sound has not stopped Ottawa from elevating country music from its bluegrass, blue-collar roots into a symbol of Canadian culture worthy of a full-blown trade dispute with Washington.

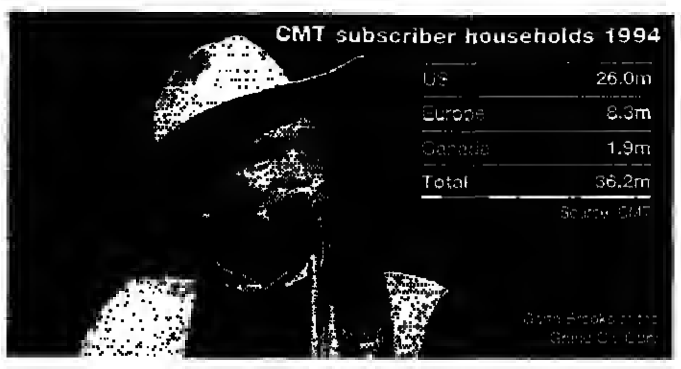
The row over country music, specifically the right of US-owned Country Music Television (CMT) to keep its slot on Canadian cable TV, led US trade representative Mickey Kantor to launch retaliatory action this week under section 301 of the US trade law.

US ire is directed at the Canadian Radio-television and Telecommunications Commission (CRTC) which removed CMT from the cable TV line-up on January 1 in favour of New Country Network, a Canadian-owned channel.

"Canadian government support for the arts is a noble and worthwhile policy objective," Mr Kantor said.

"However, it cannot be effectively achieved by discriminating against US interests or by discouraging US investment in Canada."

If the impasse is not broken, Mr Kantor has threatened retaliation against Canada. He has asked the Federal Communications Commission for information on Canadian broadcasting interests in the US.



Ottawa will have little recourse. At its insistence, culturally sensitive industries, such as broadcasting and publishing, were exempted from the provisions of the North American free trade agreement, including the pact's dispute-settlement mechanism.

"We created the market, the niche, the interest in country music," says Mr Lloyd Werner, executive vice-president at Group W Satellite Communications, a unit of Westinghouse Electric, which is CMT's joint owner. "This was a pure act of piracy."

CMT has already hit back by taking all Canadian artists without US record contracts off its US and international line-up. The American Country Music Association has moved its next meeting from Toronto to Boston in protest against the Canadian decision.

Supporters of the CMT ban – such as Ms Hamilton – contend that, no matter what the differences between US and Canadian country music, a Canadian-owned channel will promote national artists more effectively than CMT.

New Country Network has pledged to allocate at least 30 per cent of its air time for videos by local singers and musicians. It expects to spend about C$2m ($1.4m) a year promoting Canadian talent.

Mr Shaum Purdue, NCN's general manager, says that his station put 44 Canadian artists on the air in January and is adding new videos to its library each week. US viewers, he says, by contrast, "don't make a distinction between American, Canadian or Australian artists".

According to the Canadians, the CRTC is following a policy which was clearly spelled out to CMT when it and other US satellite services first beamed their programmes into Canada 11 years ago. In exchange for unregulated, low-cost access to Canadian cable TV, the US channels were told that they would have to make way if a Canadian rival wanted to supplant them.

CMT's strongest argument may be that it – and not NCN – is the best vehicle to promote Canadian country music. Internationally recognised Canadian singers, such as Michele Wright, and groups like Prairie Oyster and Blue Rodeo may have struggled to achieve their present fame without exposure on CMT.

The US network claims to have an international audience of about 35m, which is more than the entire population of Canada. It expanded into Asia last sutumn, and will soon start broadcasting in Latin America.

Although many country music artists sound much the same on either side of the border, some interesting regional and ethnic strains have sprung up in Canada, especially in the Atlantic provinces such as Newfoundland and Nova Scotia.

Critics of the CRTC's decision contend that these differences are no excuse to bump a US channel off cable TV. "Everyone should be thrown into the ring, and let the strong one survive," says Ms Vicki Van Dyke, host of a country radio show in Hamilton, Ontario. In an era of free trade "country music should be no different from Toyotas," she adds.

LEX COLUMN

Finnish fusion

Shareholders of banks bought in recent European banking acquisitions have normally benefited hugely. But the effective takeover by Unitas of KOP is different. This is a shotgun wedding caused by KOP's financial distress. The bank was already weakened by Finland's recession and its own disastrous lending policies in the 1980s. The entry last year of two Swedish banks into the Finnish commercial market undermined KOP's long-term fortunes. Unitas is mounting a rescue: hence the favourable terms to Unitas.

As long as no further horrors lurk in KOP's balance sheet, Unitas' shareholders should benefit. The groups, Finland's biggest banks, have promised substantial cost-cutting, reducing branches and staff by a third. With control of 45 per cent of Finnish deposits and up to 60 per cent of business lending, pricing should be more orderly. The combined businesses should also profit considerably from Finland's economic recovery. Eventually, the group should be able to compete with other Scandinavian banks.

Following fevered banking acquisition activity in Italy and Portugal, as well as rationalisation of the UK's building society sector, this latest deal might suggest wider forces at work. Indeed, although the causes of yesterday's move are peculiar, the effects – extensive cuts in branch networks – have much in common with events elsewhere. The lack of monetary expansion in low growth, low inflationary European economies will hold back banks' long-term prospects. That, together with technological change, will force further consolidation.

FT-SE Eurotrack 200:
1403.3 (+14.0)

BT

The most striking figure in British Telecommunication's third-quarter results is the 36 per cent jump in capital spending. Investment, squeezed during the recession, is bouncing back strongly. This is partly to meet increases in demand for BT's services, partly to modernise its UK network in order to slow the loss of market share and partly to build its international presence. Further increases in capital spending are likely. As continental European telecoms markets open up, BT's investment through partnerships with the likes of Germany's Viag will rise. Expensive upgrading of the "local loop" in the UK will also be necessary at some point if BT is to provide video services and compete with cable television groups.

Such stepped-up investment will hold back profits' growth in the medium term. BT is already suffering start-up losses from its international strategy: yesterday's swing in its minority charge suggest that its share of the losses from Concert, its outsourcing joint venture with MCI, is running at over £100m on an annualised basis. Higher capital spending also means that cash flow could turn negative in coming years with the result that dividend prospects would be dimmed. Shareholders may benefit if the stepped-up investment increases turnover and profits in the long run. But, given that many investors own BT stock for its cash flow and dividends, the management will need to sell the virtues of deferring gratification. Otherwise its share price will come under pressure.

Viag

Viag has spent the past year in the throes of an extraordinary corporate restructuring. The main strategic thrust was the purchase of Bayernwerk, the large Bavarian utility. So far, so sensible: the steady cash flows from this business will offset the group's exposure to packaging, aluminium smelting and other cyclical industries.

But the group has also indulged in a number of less justifiable acquisitions, notably the purchase of Computer 2000 and of Sanofi's bio-chemistry and animal carcass rendering business. The move into telecommunications, with BT as partner, is also questionable: the UK company's strength does not disguise Viag's limited experience in the sector. There has been a number of long overdue disposals but on balance it is difficult to say whether this frenetic corporate activity has been good for shareholders.

The evidence from yesterday's figures is inconclusive, partly because Bayernwerk's figures were not consolidated for the full year. The reported "doubling" of operating profits to DM850m is virtually meaningless as Viag gives no clues how the figure is calculated. The group's earnings are likely to double between 1993 and 1996, but international investors may be put off by the lack of disclosure. A large rights issue, scheduled for next year, is also a deterrent. Veba's commitment to creating shareholder value is obviously greater than at Viag and it should remain the preferred stock among German utilities.

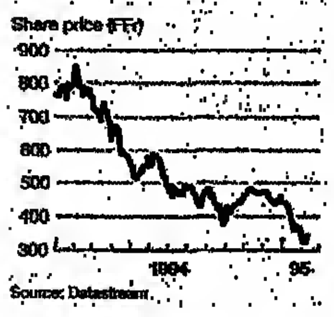
Swiss Bank Corporation

The British Takeover Panel's effectiveness has been damaged by its refusal to hear an immediate appeal on Swiss Bank Corporation's controversial dealings in electricity securities. Its reason is that other regulators are investigating the matter. It is not clear whether there are compelling legal reasons why the Panel cannot press ahead with a hearing or whether it is merely being weak. Either way, the main advantage of the UK's non-statutory takeover regime – that matters are dealt with swiftly and informally – has been compromised. Trafalgar House's bid for Northern Electric, the subject of the deals, may have only a month to run. By the time other regulators have finished their inquiries, the bid could be over.

The only good thing sbout the Panel's statement is that it suggests other regulators are taking the matter seriously. SBC's derivatives contract allowed Trafalgar, its client, to make a multi-million pound bet on the movement of electricity shares which it was certain to win since it knew it was about to bid for Northern. SBC's market-making arm subsequently increased its ownership of electricity shares, so when their prices rose it did well too. The Department of Trade and Industry is examining whether these contracts breached insider dealing regulations. Even if they did not, the practice must be stopped. Otherwise any firm with price-sensitive information about its own plans will be able to make one-way bets. The losers will be ordinary investors who unwittingly sell ahead of a bid.

Additional Lex comment, Page 20

State bank rescue plan



Continued from Page 1

loans and commitments. However, in contrast to last year's operation, the new structure would include some healthy loans and assets as well as bad ones. This would also reduce the immediate guarantee the state would need to put up.

Government and bank officials are hoping to finalise the rescue plan by the end of this month.

The prospect of new state aid has disturbed some competitors, including Société Générale, whose president Mr Marc Viénot, warned against any "singular" treatment for the state bank.

No one has yet complained to Brussels but Mr Karel Van Miert, the European competition commissioner, has asked for information on the rescue.

UK chancellor reopens party split on European currency

By Peter Norman and Robert Peston

Mr Kenneth Clarke, the British chancellor, last night sought to damp the controversy in the ruling Conservative party and government over European economic and monetary union by appealing for a "sensible and informed debate" over plans for a single currency.

But his speech to the European Movement instead prompted a furious reaction from Conservative MPs hostile to the European Union, ending the brief truce in the party which followed the adoption of a more Eurosceptic stance by Mr John Major, the prime minister, last Friday.

In an attempt to tread a middle ground between his own known pro-European sympathies and the Eurosceptics' wish to ensure the UK never joins Emu, Mr Clarke said that Britain must not allow the decision on participation in Emu to be clouded by political dogma.

The chancellor acknowledged that Emu offered potential benefits, although "an ill-thought-out, ill-conceived monetary union would do Europe harm".

However, he said he was convinced that Britain would not have to choose whether or not to move to a single currency "for some years to come". "It would be folly for us to decide firmly now one way or the other simply in response to the short-term political pressures of today," he said.

Mr Clarke argued that the economic factors involved in joining a single currency were more important than constitutional ones. But Tory Eurosceptics reacted angrily to the chancellor's view that it was "too simplistic" to assume that monetary union was "a gigantic step toward political union".

Editorial Comment......Page 13

Mr Alan Duncan, one of 105 Conservative MP's who on Wednesday signed a motion applauding the increasingly sceptical stance on monetary union being taken by Mr Major, said: "Monetary union would set nation against nation as one blames another for economic ills."

Another signatory, Mr Bill Cash, said: "If he [Mr Clarke] thinks it's not a political issue, I have severe donbts abont his sense of responsibility."

Mr Clarke's speech had been agreed in advance with Mr John Major after what some officials called a robust debate.

A key point of difficulty for the chancellor was to reconcile his remarks with Mr Major's statement on Tuesday that Britain "would require other criteria" besides the Maastricht Treaty conditions on inflation and debt "to be met before we thought it appropriate to consider a single currency".

Mr Clarke did not specify new conditions for UK participation in Emu. But he said Britain "should not lose sight" of the need to address deep-seated structural differences in Europe's economies.

Mr Clarke added some reservations of his own. Countries with inflexible labour markets were "poor candidates for monetary union, however low their inflation rate is," he said.

The chancellor's other difficulty was to persuade Tory Eurosceptics that a single currency would not lead to a loss of sovereignty. It was, he said, possible to have monetary union without political union: Britain and Ireland enjoyed a de facto monetary union for 50 years after Irish independence.

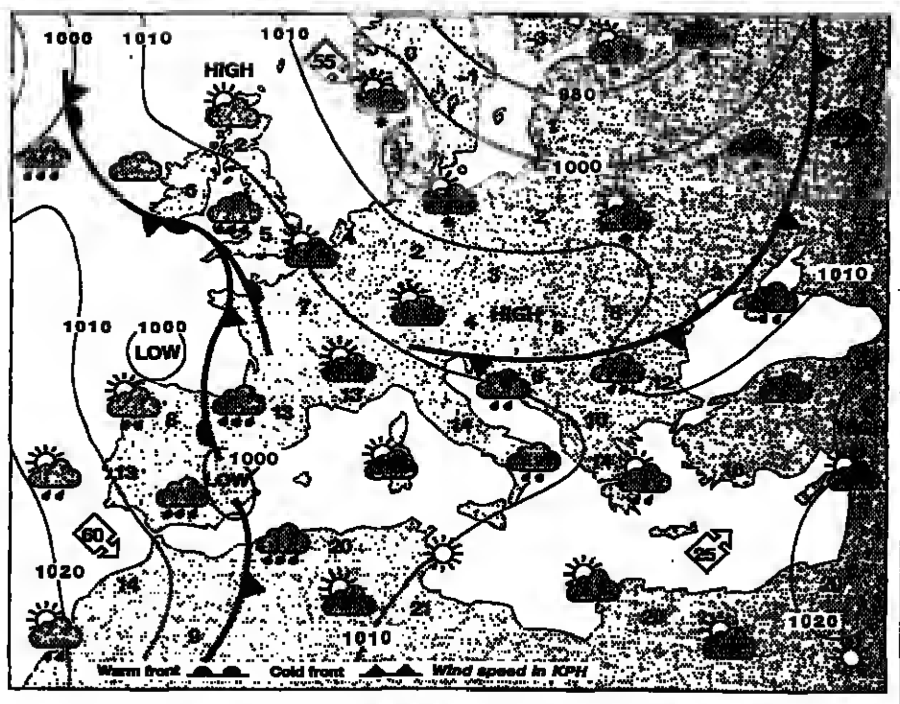
FT WEATHER GUIDE

Europe today

High pressure will give sunny spells in Scotland, western England, the Benelux and central Europe. Wintry showers will occur in Denmark, western Norway and over the North Sea. South-west Scandinavia will be sunny. Low pressure south of Ireland will cause rain over the south-west UK and Ireland. Its associated frontal zone will make western France overcast and will end the prolonged dry period in Spain, producing a lot of rain in central and eastern areas. Portugal and much of the Mediterranean will have sunny spells. The Balkans will be rainy.

Five-day forecast

North-west Europe will become unsettled on Sunday as a westerly air flow returns. Low pressure will produce wind and rain in the UK, the Benelux, and southern Scandinavia. A depression in the Mediterranean will move east, bringing snow to higher ground in northern Africa.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	fair	22
Accra	fair	32
Algiers	fair	20
Amsterdam	fair	5
Athens	fair	17
Atlanta	rain	10
B. Aires	fair	29
B.ham	rain	5
Bangkok	sun	34
Barcelona	rain	13
Beijing	sun	11
Belfast	rain	5
Belgrade	fair	7
Berlin	cloudy	2
Bermuda	fair	18
Bogota	fair	23
Bombay	sun	34
Brussels	fair	4
Budapest	sun	3
C.hagen	sun	3
Cairo	sun	20
Cape Town	sun	27
Caracas	fair	29
Cardiff	rain	8
Casablanca	rain	14
Chicago	fair	1
Cologne	fair	3
Dakar	fair	24
Dallas	fair	21
Delhi	sun	29
Dubai	fair	22
Dublin	rain	7
Dubrovnik	rain	13
Edinburgh	cloudy	3
Faro	rain	15
Frankfurt	sun	2
Geneva	sun	7
Gibraltar	rain	15
Glasgow	cloudy	2
Hamburg	fair	5
Helsinki	fair	-3
Hong Kong	cloudy	22
Honolulu	fair	27
Istanbul	cloudy	14
Jakarta	thund	30
Jersey	cloudy	11
Karachi	sun	31
Kuwait	sun	18
L. Angeles	cloudy	18
Las Palmas	fair	21
Lima	cloudy	27
Lisbon	rain	13
London	rain	7
Lux.bourg	fair	2
Lyon	sun	8
Madeira	shower	18
Madrid	rain	8
Majorca	cloudy	13
Malta	fair	17
Manchester	rain	5
Manila	fair	31
Melbourne	fair	22
Mexico City	fair	23
Miami	sun	24
Milan	fair	7
Montreal	snow	-1
Moscow	fair	-4
Munich	fair	3
Nairobi	shower	29
Naples	fair	15
Nassau	sun	25
New York	fair	4
Nice	fair	13
Nicosia	shower	13
Oslo	sun	0
Paris	fair	7
Perth	sun	39
Prague	cloudy	1
Rangoon	sun	32
Reykjavik	rain	2
Rio	shower	25
Rome	sun	14
S. Frsco	fair	15
Seoul	fair	5
Singapore	shower	30
Stockholm	sun	-2
Strasbourg	fair	4
Sydney	fair	25
Tangier	rain	13
Tel Aviv	fair	19
Tokyo	fair	8
Toronto	snow	-1
Vancouver	sun	11
Venice	fair	10
Vienna	sun	5
Warsaw	cloudy	2
Washington	cloudy	7
Wellington	fair	21
Winnipeg	snow	-20
Zurich	cloudy	5

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IN BRIEF

Viag lifts operating profit by 50%

Viag, the German industrial conglomerate with interests ranging from energy to drink cans, reported a 50 per cent rise in operating profits for last year. The dividend is to be raised by DM1 to DM10. Page 17

Bond losses hit Norwegian savings bank
Sparebanken Nor, Norway's largest savings bank, saw 1994 pre-tax profits almost halved, to NKr812m ($121.2m) from NKr1.56bn a year earlier. The bank blamed the fall on losses on bonds and lower interest margins. Page 17

AMP to make A$50m settlement
The Australian Mutual Provident, Australia's largest life insurer and owner of UK-based Pearl and London Life, is to pay out more than A$50m (US$37.3m) to 250,000 policy holders in a settlement with the Trades Practices Commission, after complaints from investors who claimed to have been misled about their policies. Page 19

Deutsche Telekom's Sprint deal date
Deutsche Telekom said it would complete its negotiations with Sprint, the US long-distance carrier, before the end of March. Page 16

Shell sells Chile copper interest
UK-based Shell Petroleum has sold its one-third interest in the rich Collahuasi copper deposit in northern Chile to its two partners in the project. Page 16

UN expected to propose emissions market
The United Nation's commission on sustainable development is expected next week to recommend a pilot scheme bringing closer an international market in carbon dioxide emission permits. Page 18

Pakistan seeks sell-off advisers
Pakistan's privatisation commission has invited offers from financial management consultants to advise on the sale of up to 26 per cent of shares in PTC, the national telephone company, later this year. Page 19

SCA stake sale severs MoDo relationship
SCA, the Swedish forestry group, said it had completed the sale of a strategic shareholding in MoDo, a Swedish rival. Page 17

Redundancy costs hold back BT
Higher than expected redundancy charges and operating costs held back profitability at British Telecommunications in the third quarter. Page 20

Canada Life buys Manulife UK side
Canada Life, the Canada-based mutual insurer, is almost doubling its UK life insurance business by acquiring the British operation of Manulife Financial, Canada's largest life insurer, for an undisclosed sum. Page 20

Takeover Panel defers ruling
The UK Takeover Panel has taken the highly unusual step of refusing to hear an immediate appeal against its clearance of the controversial derivatives contracts struck between Trafalgar House and Swiss Bank Corporation ahead of the £1.2bn ($1.86bn) bid for Northern Electric. Page 20

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	2479	+	51
BMW	772	+	23.5
Goldschmidt	822	+	17
KHD	83.9	+	5.7
Linotype	349.5	+	9.5
Falls			
Zanders Fein	208	–	16
NEW YORK ($)			
Rises			
Alum Co Amer	80¾	+	1½
Apple Comp	43	+	[illegible]
Blck & Dckr	25¾	+	1¾
Intel	78¾	+	1¾
Falls			
Amgen	66¾	–	4
Genzyme	39⅞	–	¼
LONDON (Pence)			
Rises			
Amstrad	148	+	7
Anglian Wtr	487	+	18
Comm Union	518	+	18
Sthn Water	563	+	24
Falls			
BTP	280	–	12
Cowie	311	–	38
TORONTO (C$)			
Rises			
Cognos Inc	26½	+	2¾
Diamond Fids	14⅜	+	1¼
Intl Musto	6¾	+	¾
Falls			
Beamscope	13	–	½
Budd Canada	16½	–	1
Imax Corp	9¾	–	2

PARIS (FFr)			
Rises			
BNP	249	+	8.4
Carrefour	2199	+	59
Cred Nat	387.1	+	18.1
Essilor Intl	732	+	25
Vallourec	268.9	+	13.9
Falls			
Intertechnique	580	–	11
TOKYO (Yen)			
Rises			
Kaneka	630	+	19
Orient Corp	570	+	36
Falls			
Marubeni	471	–	18
Mitsubishi Paper	806	–	41
Noritake	792	–	24
Toyo Const	663	–	25
HONG KONG (HK$)			
Rises			
Bnk E Asia	26.5	+	0.9
Dah Sing Fin	15.0	+	0.6
Wing On Intl	13.6	+	0.8
Falls			
JSC Hldgs	3.9	–	0.13
Lamex Hldgs	1.99	–	0.39
Mndrn Orient	9.6	–	0.40
BANGKOK (Baht)			
Rises			
Bangkok Ins	406	+	12
Karat San	94	+	4
Thaitawan	87.5	+	3.5
Falls			
Christiani	89.5	–	58.5
Thai Ins	134	–	9
Unitied Oc	127	–	13

New York and Toronto prices at 12.30pm.

Finland's leading banks to merge

By Christopher Brown-Humes in Stockholm

Finland's two leading banks, Kansallis-Osake-Pankki and Union Bank of Finland, yesterday agreed to merge in the most dramatic restructuring of the Nordic banking sector for many years.

They will create a bank with total assets of FM300bn ($64bn), as big as the region's Swedish leaders, Skandinaviska Enskilda Banken and Svenska Handelsbanken. The merger, approved by main shareholders on both sides, was driven by a need for cost savings after four years of losses at both banks and a crisis in the banking sector that has produced FM60bn in loan write-offs.

It leaves just three big groups active in Finnish retail banking, with state-owned Postipankki and the co-operative Okobank providing the competition to the combined KOP/UBF. Despite the reduced competition, both banks were confident they would win the approval of the finance ministry, the financial supervision authorities and the Helsinki city authorities.

The new bank will have about 40 per cent of Finland's private clients and as much as 60 per cent of corporate sector business. It will boast some 3m retail customers in a country of just 5m people. It will be dominated by Unitas, the holding company for UBF, which will own 58 per cent, against KOP's 42 per cent.

As the stronger of the two companies, Unitas was able to extract generous terms from its rival. Three KOP shares will be exchanged for one Unitas share, compared with a market valuation, before the deal, of 2.3 to one. The terms reflect KOP's heavier losses over the past four years, weaker balance sheet and poorer prospects.

Mr Vesa Vainio, chief executive both of Unitas and the new bank, said the combined group would be "Euro-class", with enhanced international credibility and a strong competitive position.

Mr Pertti Voutilainen, the KOP chief executive who will take over as president of the new bank, said: "This will help to reduce the substantial overcapacity in the Finnish banking sector and make us amongst the most efficient banks in the region." Finnish banks have the highest operating costs in the Nordic area. The merger is designed to produce FM1.5bn in annual cost savings by closing up to 375 branches out of a combined 775 and cutting staff.

It is also intended to strengthen the bank's corporate sector position which is under assault from big Swedish banks. Both SE-Banken and Handelsbanken have established operations in Helsinki in the last year.

Finland's banking recovery is lagging behind Norway and Sweden, which both suffered severe loan loss crises in 1992. Although Norwegian and Swedish banks have returned to profit, Unitas reported a 1994 loss of FM1.27bn and KOP a FM1.83bn deficit. Credit losses continue to be high, following the deep Finnish recession between 1990 and 1993, when GDP collapsed by 15 per cent. The problems have been particularly acute among small and medium-sized companies and the construction sector.

Lex, Page 14; Rivals bury hatchet, Page 18

Ericsson soars 81% on strong demand

By Hugh Carnegy in Stockholm

A surge in demand for mobile telephones worldwide was illustrated when Ericsson, the Swedish telecommunications group, reported an 81 per cent leap in 1994 profits yesterday.

Ericsson, the world leading supplier of mobile telephone systems and one of the top three suppliers of mobile telephone handsets, said pre-tax profits reached SKr5.61bn ($753m) for the full year, compared with SKr3.1bn in 1993, due mainly to powerful sales growth in its radio communications division, which includes mobile telephony.

Sales in the division rose 73 per cent – ahead of growth in the total market of 60 per cent – to SKr40.9bn, with the US, the UK, China, Japan and Australia credited as the main contributors. The division's sales accounted for almost half total group sales of SKr82.5bn, which were up 31 per cent from SKr62.9bn in 1993.

Group operating profits jumped to SKr6.54bn from SKr3.53bn. Ericsson said the biggest increase was in the radio division, but it did not publish a divisional breakdown.

The preliminary results were ahead of most expectations and investors in Sweden responded positively, sending Ericsson's most-traded B shares up SKr16 on the day to close at SKr428 in Stockholm. "The underlying market for mobile telephony is so strong for the rest of the century I can't see what can go wrong," said one Swedish analyst.

Foreign investors were less impressed, however. Ericsson shares, which have yo-yoed dramatically over the past 18 months as opinion varied over its longer term prospects, slipped significantly in New York. Analysts cited concerns about Ericsson's ability to sustain margins and growth over the next two years and the lower growth levels outside mobile telephony.

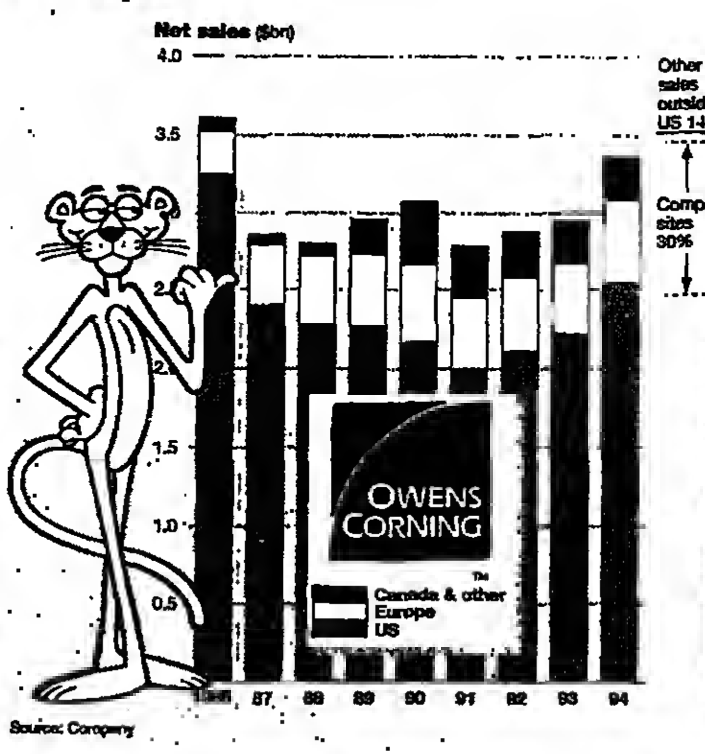
Sales in the public telecommunications division rose to SKr25.9bn from SKr21.8bn, while sales in the business networks division were up only marginally at SKr12.96bn from SKr12.92bn.

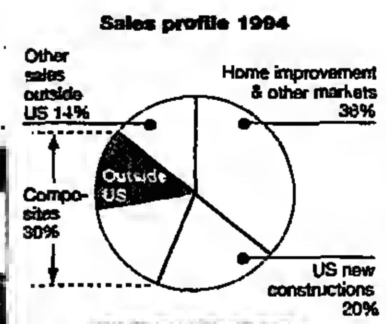
Earnings per share in 1994 rose to SKr17.80 from SKr12.80. The company announced a SKr1 rise in the annual dividend to SKr5.50 and said it would carry out a four-for-one share split after the dividend payment.

US fibreglass group is open and ambitious about sales growth, writes **Tony Jackson**

The big time beckons for Owens-Corning

In the pink





Source: Company

Glen Hiner
Chairman and chief executive

Owens-Corning is in most respects a classic middle-American company: middle-sized, turning out middle-technology products such as fibreglass and roofing material, and based in the decidedly middle-American town of Toledo, Ohio.

It has, however, one slightly unusual asset. Three years ago it acquired a new boss, Mr Glen Hiner, from the upper reaches of the giant conglomerate General Electric. A lifetime GE employee, Mr Hiner had been a trusted henchman of its chairman, the fearsomely effective Mr Jack Welch. Since the late 1970s he had run GE's plastics division; in that time, turnover grew from $1bn to $5bn.

Since Owens-Corning's total sales were only $3.4bn last year, the move might seem something of a come-down. But the attractions of being one's own boss are evident enough: and Mr Welch, slightly younger than Mr Hiner, is plainly a fixture at GE. Another Welch henchman, Mr Larry Bossidy, drew the same conclusion a year earlier and went off to run AlliedSignal, the auto and aerospace manufacturer.

Mr Hiner, raised in GE's hard-driving culture, has ambitious goals for his new company. In particular, by the year 2000 – when he is due to retire – Owens-Corning too, he says, will have sales of $5bn.

In the manner of GE managers, he has a detailed plan for getting there. Around a quarter of group sales, for instance, are outside the US. By 2000, the figure will be 40 per cent. At present, 25 per cent of sales go through retail distributors. By 2000, helped by use of the cartoon character the Pink Panther – to which the company has worldwide rights – that figure will be 35 per cent.

Sales growth will come from three main sources. First, the company will concentrate on a small number of its businesses: such as north American retail and European insulation which show up on a matrix Mr Hiner has drawn up as being attractive markets in which the company has a strong position.

Second, there will be a certain amount of technological innovation, such as the company's new Miraflex fibreglass, which produces household insulation taking up a quarter of the usual shelf space. Third, there will be some acquisitions, such as last year's purchase of Pilkington's UK insulation business. Acquisitions may not dilute group earnings in year one and must provide an internal rate of return of at least 18 per cent.

Meanwhile, earnings per share will rise at twice the rate of sales – that is, at an average 14 per cent compound. (Last year sales rose 14 per cent, earnings 28 per cent; this year, says Mr Hiner, sales will rise 10 per cent, earnings around 20 per cent.) This will mostly come not from price increases – most of the company's markets are too competitive for that – but from higher productivity. In each year until 2000, productivity will rise 6 per cent – the same figure, curiously enough, which Mr Hiner's erstwhile colleague Mr Bossidy applies at AlliedSignal.

The striking thing about these projections is not so much their detail as the fact that they should be made public. Mr Hiner is clear on the reason. "When I arrived here", he says, "the thing that was different from GE was that there were literally no goals. People were thirsting for an idea of where they were going. One driving force for putting in the $5bn sales goal was to make people understand that they had a future."

As for going public, he says, "if you're going to publish internally, why not externally? I want people to be proud of it, as well as knowing about it. And saying what you're going to do and putting it on the line is a big part of making it happen. You say to yourself – 'by God, I've said I'm going to do it, so I will.'"

There is one obvious question here. Although Owens-Corning has strong positions in several of its markets, its stock market value of just $1.5bn makes it fairly small fry compared with such direct competitors as Saint-Gobain of France (valued at $9.7bn) or PPG of the US ($8bn). As industries around the world consolidate, what guarantee is there that a company of Owens-Corning's size will still be independent in the year 2000?

It is a point which Mr Hiner willingly concedes. But as he also argues, there is a twist. As a company with a long history in roofing and insulation, Owens-Corning carries large potential liabilities for asbestosis. The problem is manageable, he insists, and the company has made adequate provisions. But the issue still casts a shadow over Owens-Corning, from the viewpoint of both portfolio investors and corporate predators.

"So long as there's a question about our asbestos liability", he says, "I believe we'll be left alone. The moment that's been clarified, our susceptibility will increase dramatically."

Tim Burt explains why the takeover of Kolbenschmidt could be delayed by provisions for asbestos liabilities

T&N considers dividend cut and £100m disposals

T&N, the automotive and engineering components group, is expected shortly to announce measures aimed at soothing nerves in the City of London over its financial management and legacy as one of Britain's largest asbestos producers.

In a reversal of its previous strategy, the company is said to be considering its first dividend cut for more than three years and a series of disposals designed to offset asbestos liabilities.

Leading institutional investors have also been told that the group, known formerly as Turner & Newall, would like to delay or stagger its proposed acquisition of Kolbenschmidt, the German motor components producer. The deal, which has yet to be cleared by the German cartel office, would make T&N one of the world's leading piston makers.

In a series of City of London meetings, however, Mr Colin Hope, chairman and chief executive, has made it clear that the company's balance sheet was not strong enough to take up its options on a 52.5 per cent stake in Kolbenschmidt for DM282.6m ($185m), while also assuming its £150m ($232m) estimated debts.

If the group wins cartel approval, institutions have been warned that the company may only take up the 24.99 per cent stake already acquired on its behalf by Commerzbank.

A staged acquisition would enable T&N to proceed with a full takeover only after the German group had reduced its debt burden by selling off non-core subsidiaries.

The move is likely to reassure analysts, who had warned that T&N would find it difficult to use a rights issue to fund the deal, given that its share price has fallen by almost 30 per cent since last November's surprise announcement of £100m provision against asbestos claims.

When T&N reports its 1994 figures next month, it is likely to mollify investors further by unveiling plans to offset those provisions by raising £100m from disposals over the next two years. Industry observers say the company has a "war chest" of non-core subsidiaries which it has been cultivating ahead of a possible sale. "They've been harbouring these companies for just this purpose," according to one. "The time is now ripe to get rid of them."

'The time is now ripe' to sell non-core subsidiaries

T&N has already deadened the impact of some of the fresh provisions by raising £50m last year from the sale of Goetze Elastomere and other fringe activities which it inherited with the 1993 acquisition of Goetze, the German piston ring producer.

Of the £100m provision, the group is also expected to reveal that tax relief on US profits will contain the cash outflow at about £75m, which will be spread over three years.

In addition, the costs of settling ongoing personal liability cases in both Britain and the US is likely to drain a further £35m-£40m from annual cashflow, leaving the total set aside for asbestos claims at up to £85m a year for at least the next two years.

Faced with that burden, the company is said to have finally bitten the bullet over its dividend policy. Amid dire warnings from analysts, it has maintained relatively high dividends – with enhanced scrip alternatives – for three successive years despite a weak balance sheet.

In recent weeks, however, Mr Hope is thought to have persuaded institutional investors that with the shares now trading at 158p – against a 12-month high of 262p – a dividend cut was now desirable. "This is the line we've been trying to force them down for some time. We want the dividend cut from 10.85p to 6p," says Mr Sandy Morris at NatWest Securities. Such a cut, he adds, would be the icing on the cake after a year in which profits are expected to rise from £70.3m to about £108m, excluding the latest asbestos provision.

Mindful that such liabilities will dent the company's image for some time to come, T&N has let it be known – at last – that it is ready to quit the asbestos industry. It is considering selling its asbestos mines in Zimbabwe, which contribute about £8m to annual operating profits.

Such a move, coupled to a staged Kolbenschmidt acquisition, would demonstrate that T&N has finally grown away from asbestos and was now committed to largely organic growth, according to one observer.

"If Colin Hope can deliver this package, he will have succeeded in turning T&N from a bombed-out asbestos company into something that's really going places."

Lex, Page 20

Deutsche Telekom's Sprint deal due by end of March

By Michael Lindemann in Magdeburg

Deutsche Telekom said it would complete its negotiations with Sprint, the US long-distance carrier, before the end of March.

Deutsche Telekom and France Telecom are together hoping to buy 20 per cent of Sprint, the third-largest US long-distance carrier, which would give the two European companies a global reach.

But Deutsche Telekom said it was still unclear when the Sprint deal would be approved by competition authorities in Europe and the US.

The negotiations, which the German group originally hoped to complete by the end of last year, were taking longer than expected because of complex asset valuations. "We are sure that we will coma to a positive conclusion," said Mr Gerd Tenzer, the board member in charge of networks.

The US Federal Communications Commission and the European Commission have warned they will look closely at the deal because of concern that US companies are not being allowed the same access to the European market and that the two German and French operators might together gain too dominant a position in Europe.

Dentsche Telekom said it had met its group turnover target of DM64bn ($41.8m) for 1994, up from DM60bn the year before. In addition, according to preliminary figures, it had broken even last year, said Mr Wilhelm Pällmann, acting chief executive. The company also hoped to break even at the end of this year, earlier than expected, on its east German investment programme.

Group turnover in 2000 is forecast to reach DM80bn.

Deutsche Telekom wants to shed 60,000 jobs by 2000, cutting its total workforce to 170,000. The redundancies are expected to cost "billions [of D-Marks]" but tha measures would raise turnovar per employee from around DM280,000 to about DM450,000.

About DM35bn has been spent in former East Germany, bringing the total of phone connections to 5.3m, up from 1.8m when the Berlin Wall fell in 1989.

The company said it was likely to spend another DM15bn until 1997 in improving the telecommunications infrastructure in the five eastern Länder (states).

Equitable net income up 26%

By Richard Waters

Net income at The Equitable, the US life insurance and investment group which is majority-owned by Axa of France, rose hy 26 per cent last year, in spite of a decline in earnings from its investment banking subsidiary, Donaldson Lufkin & Jenrette.

The results reflected DLJ's success in avoiding the sort of precipitate earnings decline which hit most other US investment banks last year.

DLJ's after-tax operating earnings amounted to $123m, compared with record earnings in 1993 of $186m.

Lower income from underwriting and trading was offset in part by higher fees, commissions and other income, Equitable said.

The group's other investment business, Alliance Capital, recorded $134m of after-tax operating income, up from $109m (before a $39m restructuring charge) the year before. Fees from retail mutual fund business rose 26 per cent.

Results from the investment businesses included an after-tax gain of $29m from the sale of two Alliance units.

Meanwhile, Equitable's insurance operations continued the turnround which has seen the company recover from a financial crisis in the early part of the decade. Operating earnings rose to $230m, from $100m, before investment gains of $23m ($30m in 1993.)

For the fourth quarter, Equitable reported net income of $84m, or 41 cents a share, unchanged from the year before, when earnings per share reached 39 cents. This led to full-year earnings after tax of $297m, or $1.38 a share, compared with $235m, or $1.09, the year before.

The latest year included a $27m charge for accounting changes.

Shell sells Chile copper interest

By Bernard Simon in Toronto

UK-based Shell Petroleum has sold its one-third interest in the rich Collahuasi copper deposit in northern Chile to its two partners in the project.

Minorco, the offshore investment arm of South Africa's Anglo American Corp, and Falconbridge, the Canadian base metals producer, will pay US$195m for Shell's stake and will each end up with a 50 per cent interest. The deal is expected to be completed next month.

Collahuasi is one of the biggest undeveloped copper deposits in the world, with a planned production rate of between 300,000-350,000 tonnes a year.

A feasibility study is due for completion this spring, but indications so far suggest that the partners will go ahead with a mine, which would begin production around 1998.

Earlier studies estimated that the deposit contains 1.6bn tonnes of ore with an average grade of 0.94 per cent.

The ownership of Shell's stake in Collahuasi became an issue when Shell sold its metals business to Gencor, the South African mining house, last year. Collahuasi was excluded from that deal.

CBS blames higher tax rate for downturn

By Richard Waters in New York

CBS, the US television network group, saw after-tax profits slip by 14 per cent last year, to $282m.

The company hlamed the decline on a higher effective tax rate and lower investment income.

However, income from operations rose 4 per cent to a record $426m.

The advance here was attributed to the performance of broadcast television and radio stations owned by the company.

Last year's profits came on sales of $3.7bn, up from $3.5bn in 1993.

CBS said its television network had seen lower operating income during tbe year, hlamed in part to a one-off gain in 1993 of $29.5m.

The company was also hurt by the higher costs of movie programming.

Its television and radio stations, meanwhile, made record operating profits.

CBS did not disclose separate results for each part of the business.

The weaker earnings trend for the year was clear in the final quarter, when after-tax profits were $44.5m, some 4 per cent lower than a year before.

Sales in the final quarter were hit by the loss of the network's rights to broadcast professional foothall, and the absence of major league baseball due to a strike.

Revenues fell by 18 per cent, to $855m.

The company said its latest earnings were not affected by the loss of football programming, since it had already written down the value of its contract to broadcast the sport.

In spite of the fall-off in net income in the final quarter, earnings per share for the period climbed to 69 cents, from 55 cents the year before, due to a $1.1bn share buy-back completed in the third quarter.

For the year as a whole, CBS repored earnings per share of $3.74, compared with $4.08 in 1993.

Move to take Fay Richwhite private

By Terry Hall in Wellington

Sir Michael Fay and Mr David Richwhite, the majority shareholders of Fay Richwhite, the New Zealand merchant bank, have bid 80 cents a share to take the company private.

The offer is more than twice the current market price.

The two principals already own some 73 per cent of the company, which has 318m shares in issue.

Fay Richwhite is probably New Zealand's hest-known merchant bank, and took a leading role in advising and later handling the sale of government assets such as NZ Telecom and New Zealand Rail.

The company's share price has been under severe pressure recently, declining from 86 cents to 36 cents at the close in New Zealand yesterday.

The decline was sparked by allegations over the bank's tax affairs, which has led to an investigation under a former high court judge.

Last month directors said the company expected to incur an unexpected NZ$7m (US$4.4m) loss for the six months to December 31. They said this was mainly due to high costs involved in closing its Australian operations after failing to find a buyer for them.

Apart from its New Zealand-based securities business and control of national stockbroker Doyle Paterson Brown, Fay Richwhite holds a stake of more than 30 per cent in New Zealand Rail.

Fay Richwhite sprang to prominence in the early 1980s as a pioneer in New Zealand eurobond trading, adopting a high profile in tha London market.

In 1987, before world markets crashed in October and at a time when the company was known as Capital Markets, the share price reached a peak of NZ$8.60.

In a statement yesterday, Sir Michael and Mr Richwhite said they believed privatisation was in the best interests of the company, its staff and clients. "The negative environment and recent performance of the company has led to a loss of confidence where the share price has been trading well below asset hacking", they said.

Their offer is conditional on 90 per cent acceptance.

Hasbro ahead in final quarter

By Richard Tomkins in New York

Hasbro, the US toy maker that last November bought the games division of the UK's John Waddington, yesterday reported a 7 per cent increase in earnings to $75.8m from $70.7m for its fourth quarter.

Revenues rose to $940.6m from $932.2m and earnings per share rose to 86 cents from 78 cents. For the full year, however, net earnings hefore accounting changes fell to $179.3m from $200m.

The full-year decline was caused by a poor result in the second quarter, when Hasbro found itself unable to repeat the success of its Jurassic Park and Barney products, launched in the same quarter a year earlier.

Hasbro also experienced a shift in buying patterns during the year with big customers delaying purchases into the second half, especially the fourth quarter.

Yesterday Mr Alan Hassenfeld, chairman and chief executive, acknowledged that this shift had been a factor in the fourth-quarter profit increase.

But he said it was significant that the company had achieved record sales in spite of a $70m downturn in revenues from Jurassic Park and Barney products.

In addition, the devaluation of the Mexican peso had cost the company $2.5m in pre-tax profits, Mr Hassenfeld said.

Areas of strength during the quarter included the international group, with volume up 16 per cent, and the games group which, helped by products acquired from Western Publishing, increased volume by more than 10 per cent.

Charge hits results at Owens-Illinois

By Maggie Urry in New York

Fonrtb-quarter profits at Owens-Illinois, the glass and plastic bottle maker, were hit hy a $100m pre-tax charge relating to asbestos insurance. Excluding that, fourth-quarter net income was $14.1m compared with $8.9m, giving earnings per share of 11 cents, up from 7 cents.

For the full year, net income excluding one-off items was $140m, or $1.16 a share, up from $121.6m, or $1.01.

Mr Joseph Lemieux, chairman and chief executive, said that in 1994, sales of the group's higher margin and faster growing international and plastics activities had exceeded those from its domestic glass bottle division for the first time. Group sales were up 7 per cent in the year to $3.57bn.

The group said that all its divisions increased sales volume and operating profits. Cost control and higher capacity utilisation aided the domestic bottle business, and higher sales of products such as heer, iced tea and juice offset the continuing shift of soft drinks from glass to plastic bottles.

The plastics business experienced growth in sales of bottles for personal care and health care products, although prices were under pressure.

Outside the US strong performances were recorded in Brazil, Colombia and the UK, but weak economic conditions hit profits from Venezuela.

Earnings rise sharply at MacMillan Bloedel

By Robert Gibbens in Montreal

Canada's biggest forest products firm, MacMillan Bloedel posted sharply higher 1994 earnings with higher product prices and volumes and a lower Canadian dollar.

Fourth-quarter net profit totalled C$59.9m (US$42.9m) or 47 cents a share, up from C$5.1m, or 3 cents a share, a year earlier on sales of C$1.03bn against C$829m.

Full-year net profit was C$180.2m, or C$1.42 a share, up from C$53.2m, or 42 cents. Sales were C$3.95bn, against C$3.35bn.

Mr Robert Findlay, president, said the outlook for 1995 was "very positive".

He expected strong demand and firm prices in building materials, while packaging and paper markets should improve further.

MB has been moving into higher value wood products, and has been spending heavily to upgrade its paper and packaging interests.

The company plans a US$110m medium density fibreboard plant in Pennsylvania in partnership with Clarion Fiber of the US.

● Alliance Forest Products, a spin-off from Domtar last year, earned C$30.4m, or C$1.71 a share in 1994, its first year as a autonomous publicly held company. Sales were C$189m.

The fourth qnarter was strong, reflecting higher newsprint prices and strong demand.

BP to sell off Carborundum to St-Gobain

By Tony Jackson in New York

British Petroleum is in talks to sell its US-based Carborundum subsidiary to Saint-Gobain, the French glass manufacturer. No terms have been disclosed.

Carborundum, which makes heat-resistant materials and has worldwide sales of $340m, was put up for sale last month. An attempted management buy-out was withdrawn for lack of funding.

BP said the two parties were eager to complete a sale as soon as possible, subject to regulatory clearance. The deal does not include Carborundum's US fibres operation, which is to be sold separately. BP said the deal would mean job losses at Carborundum's headquarters in Niagara Falls.

SCA stake sale severs relationship with MoDo

By Hugh Carnegy in Stockholm

SCA, the Swedish forestry group, yesterday said it had completed the sale of a strategic shareholding in MoDo, a Swedish rival. Last month SCA became Europe's biggest forestry products group when it bought a majority stake in Germany's PWA.

It also announced the sale to Alberto-Culver Company of the US of the bulk of the toiletries division of Mölnlycke, its biggest subsidiary division. The unit was recently restructured to focus on its core tissue, nappy and incontinence products operations.

The two deals will net SCA capital gains of SKr910m ($122m), and come one month after it agreed to pay DM1.2bn ($783.7m) for a 60 per cent stake in PWA, Germany's largest quoted pulp and paper company, in deal financed by debt.

However, SCA said its debt-equity ratio would remain at about 80 per cent because of the lower equity effects of restructuring Mölnlycke.

The group said it had sold its remaining 1.5m shares in MoDo for SKr1.75bn. The sale completes its divestment of a 32 per cent stake in MoDo's voting capital, which was bought in December 1990 in a move to forge a strategic alliance to strengthen the two groups' muscle in Europe.

The co-operation plans faded out, however, and SCA decided in 1993 to follow a different path.

The latest divestment was achieved at only SKr160m above the acquisition cost.

However, because of an earlier write-down of the value of the shares, the sale will result in a SKr750m capital gain, of which SKr650m will be shown in the 1994 accounts. Last year, SCA sold off 3.6m MoDo shares at a capital gain of SKr371m.

SCA said it had sold most of Mölnlycke's toiletries division, which had sales of SKr700m in 1994, to Alberto-Culver subsidiary Cederroth International for SKr350m. The sale yielded a capital gain of SKr160m.

The price was depressed by Mölnlycke's decision to retain some products closely linked to its tissue and nappy products.

Mr Ake Rietz, SCA chief financial officer, said the sale completed an extensive overhaul at Mölnlycke to strengthen it against powerful competition in the European baby nappy market, where its Peaudouce and Libero brands were under fire from big US names Procter & Gamble and Kimberly-Clark.

SCA is spending SKr1.3bn on rationalisation and reinvestment in the nappy operations, and has sold other non-core units.

The PWA acquisition strengthened Mölnlycke's tissue operations, making it Europe's second-biggest tissue producer, and giving it important distribution networks in Germany and Austria.

Elkem plans payout after five-year omission

By Karen Fossli in Oslo

A 75 per cent increase in aluminium prices in 1994 helped Elkem, the Norwegian light metals producer, to nearly double full-year pre-tax profits to NKr308m ($46m) from NKr166m in 1993.

The sharp improvement enabled Elkem to propose a dividend of NKr1.50 a share, after omitting the payout for the last five years.

Fourth-quarter operating profits rose NKr24m to NKr139m, lifted by a $359-a-tonne increase in aluminium prices to $1,979 in the quarter.

The group's aluminium division alone nearly tripled operating profit in 1994, to NKr146m from NKr50m, as sales surged NKr431m to NKr1.61bn.

Gronp operating profit jumped by NKr75m to NKr472m as sales advanced by 11 per cent, or NKr890m, to NKr8.72bn. The increase was attribnted to improved markets for most of the company'a main products; better prices; increased sales volumes for aluminium; and firmer prices for some ferro-alloy products.

Analysts had forecast operating profit of between NKr463m and NKr465m.

Costs associated with irregnlar production were partly behind a NKr764m increase in gronp operating costs, to NKr7.89bn. This prevented Elkem from achieving its cost-cutting goals.

However, Mr Björn Segrov, an Elkem executive, said higher power prices had also inflnenced operating costs. Higher sales volumes inflated costs associated with transportation and raw materials.

Viag up 50% at operating level

By Judy Dempsey in Berlin

Viag, the German industrial conglomerate with interests ranging from energy to drink cans, yesterday reported a 50 per cent rise in operating profits for last year. The dividend is to be raised by DM1 to DM10.

The results, which were better than expected, were boosted by the economic upswing, a restructuring and Viag's takeover last year of Bayernwerk, one of the country's largest energy ntility companies, based in Bavaria.

Preliminary profits before tax rose to DM850m ($555.1m), almost double those of the previous year, while turnover increased by 22 per cent, to DM28.9bn from DM5.2bn, over the same period. The main growth areas included packaging, energy, chemicals and logistics, now Viag's core business.

Turnover in packaging rose from DM9.2bn to DM9.85bn. The sharp increase was attributed to last year'a long, hot summer, which helped boost Viag's sales of aluminium for drinks cans. The rise in German aluminium prices last year also helped lift turnover and the profits of VAW, Viag's aluminium division.

Energy sales climbed to DM5.3bn from DM3.3bn, but the rise was expected since Viag completed its takeover of Bayernwerk last August.

Only 70 per cent of Bayernwerk's earnings are included in Viag's 1994 results: when the full 100 per cent is included this year it is expected to lift operating profits.

"We could expect to see DM2bn pre-tax profits by 1996," said Mr Michael Boecker, analyst at Nomura Research.

Turnover in chemicals, which rose to DM2.14bn from DM1.6bn, was partly due to Viag's takeover of Sanofi, the drugs and beauty products subsidiary of Elf Aquitaine, the French chemicals group.

The main factor behind the increased sales in this sector was SKW, the division specialising in chemical products for construction and agriculture. Its turnover rose 30 per cent.

Viag's logistics division, which includes Klöckner, the trading and services arm, and Kühne & Nagel, the transportation/removals company, advanced to DM9.6bn from DM7.7bn.

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Dividend from Unidanmark despite fall

By Hilary Barnes in Copenhagen

Unidanmark, Denmark's second-largest banking group, suffered a fall in net profits in 1994 to DKr520m ($86.6m) from DKr885m in 1993. However, the bank's supervisory board proposed a DKr4 dividend after omitting the payout in 1992 and 1993.

The 1994 result was hit by unrealised losses of DKr897m on securities, reflecting falling prices in Danish bond and share markets last year. This compares with unrealised gains of DKr2.52bn in 1993.

Under Danish accounting principles, unrealised gains and losses are entered fully into the profit and loss account in the year in which they occur.

The unrealised portfolio losses mean total income from financial operations fell to DKr8.81bn from DKr11.98bn in 1993, although net interest and fee earnings and other ordinary financial income rose by 3 per cent to DKr9.7bn from DKr9.42bn.

Loss provisions were more than halved to DKr1.65bn from DKr3.88bn in 1993, and DKr6.28bn in 1992. The bank attributed the improvement to better credit controls and recovery in the Danish economy last year.

Costs were also brought under control, falling to DKr5.74bn from DKr5.99bn in 1993, and a peak of DKr6.58bn in 1992.

The workforce, which fell by 340 to 10,911 at the end of the year, has been reduced by 1,100 since mid-1992.

The bank was cautious about the current year. No further reductions in costs or loss provisions were expected, it said, while competition might put pressure on net interest and fee earnings.

Total assets fell to DKr221.8bn from DKr242bn last year, with advances down to DKr122.6bn from DKr125.5bn and deposits, to DKr121.4bn from DKr127.4bn.

Union Carbide, Enichem venture plan ready

By Andrew Hill in Milan

Union Carbide of the US and Enichem, Italy's state-controlled chemicals company, have finalised their plan to create one of Europe's largest manufacturers of polyethylene. They said yesterday they would immediately seek European commission approval for the deal.

The new company will be called Polimeri Europa and have annual turnover of more than L2,000bn ($1.24bn). The two companies revealed in August that they wanted to pool Enichem's polyethylene capacity and Union Carbide's Unipol technology.

Polimeri Europa will have share capital of some L662bn and be owned 50:50 by Union Carbide and Enichem. The two groups will have equal representation on the board of directors, with Enichem initially nominating the chairman and general manager and Union Carbide, the managing director.

At the heart of the deal are plans to construct new polyethylene facilities near Brindisi in Italy, based on the Unipol technology, and replacing obsolete production plants.

Union Carbide said yesterday it expected a decision from the European commission antitrust authorities by mid-March. Polimeri Europa would immediately become active, and construction of the plant would begin. The facility could be finished by late-1996.

Union Carbide is expected to contribute to the cost of the 400,000 tonnes-a-year plant, which will make modern linear low-density polyethylene. Enichem said yesterday Polimeri Europa would look to become Europe's leading producer of lower-cost polyethylene.

Bond losses batter profits at Norwegian savings bank

By Karen Fossli

Sparebanken Nor, Norway's largest savings bank, saw 1994 pre-tax profits almost halved, to NKr812m ($121.2m) from NKr1.56bn a year earlier.

The bank blamed the fall on losses on bonds and lower interest margins.

Nevertheless, the bank, known internationally as Union Bank of Norway, said traditional banking operations had improved, helped by a big decline in losses on loans and guarantees.

Sparebanken Nor is proposing a dividend of NKr15 – down from NKr18 in 1993 – per primary capital certificate, a bond/share hybrid. The payout represents about 48 per cent of the bank's profits.

It warned there was still over-capacity in the domestic finance market, and that competition in 1995 would force a further decline in margins. However, it expects a good result this year as credit losses continue to decline and the bond portfolio improves.

Net interest income fell NKr261m to NKr2.95bn, as other operating income plunged to NKr951m from NKr2.14bn. The bank suffered losses of NKr228m on bonds in 1994, compared with gains of NKr1.03bn a year earlier. Income from provisions, howaver, rose NKr87m to NKr852m.

Sparebanken Nor intends to reduce its interest exposure to a minimum in the first half of this year, to avoid further losses in the bond portfolio and achieve its goal of a 15 per cent return on equity.

Net operating income was rednced by NKr1.45bn last year, to NKr3.9bn, as operating costs rose NKr164m to NKr2.62bn.

Losses on loans and guarantees were cut to NKr538m, or 0.7 per cent of gross loans, from NKr1.31bn, or 1.6 per cent of gross loans, in 1993. Of the total losses, 62 per cent was in the corporate sector and 38 per cent on private loans.

In last year's fourth quarter, the bank sold Finansbanken to Norgeskreditt, a medium-sized bank, for NKr340m to yield a net gain of NKr73m.

Bergesen sinks to record low

By Karen Fossli

Bergesen, Norway's biggest shipowner and one of the world's largest tanker operators, said yesterday profits for 1994 had hit a record low. It blamed a sharply-weakened tanker market.

It cautiously forecast a slight improvement for tanker rates in 1995 and a weak, but positive, operating result.

Group pre-tax profit fell to NKr107m ($25.4m) from NKr132m, as net profit was nearly halved to NKr84m from NKr133m. Nevertheless, Bergesen proposed a dividend of NKr1 a share, unchanged from 1993. Analysts had forecast a pre-tax profit of between NKr100m and NKr125m.

In spite of plunging into an operating loss of NKr92m last year from an operating profit of NKr270m in 1993, the shipowner last year laid a firm foundation for future earnings by conclnding several time-charter contracts.

Contracts were signed for 13 of the group's 18-strong LPG fleet for an average of 33 months, and a landmark 15-year freight contract was signed with German steel producers.

The result would have been worse but for a write-back of NKr338m in previously-charged unrealised foreign exchange losses.

Net financial items lifted the result by NKr204m, against charges of NKr200m in 1993. Foreign exchange gains hit NKr278m, compared with losses of NKr215m. However, securities gains dropped to NKr16m from NKr94m.

Group operating revenne was cut to NKr2.71bn from NKr2.93bn in 1993, while the market value of Bergesen'a fleet fell 15 per cent to NKr8.7bn.

In dollar terms, the market value of the tanker fleet fell 12 per cent, while the LPG fleet remained mostly unchanged and the value of the dry cargo fleet rose 4 per cent.

Bergesen's tanker fleet more than doubled operating losses, to NKr281m from NKr121m.

Finnish rivals bury the hatchet

Christopher Brown-Humes examines the merger of KOP and UBF

Four years of crisis in the Finnish banking sector and large losses produced the need for dramatic and innovative restructuring.

Even so, the merger announced yesterday by the country's two leading banks, Kansallis-Osake-Pankki and Union Bank of Finland, was a stunning solution to the problems.

In one bold move, the two have set aside years of rivalry to create a bank that rivals the largest in the Nordic region and one that dwarfs the competition in Finland.

In making their decision, both banks faced the knowledge that the Finnish banking crisis is not over, even though it is receding. Moreover, both had a pressing need to cut high cost levels and respond to an increasing challenge from foreign competition in the Finnish market.

Finland's banks were first engulfed by a wave of credit losses in 1991, just as the country entered the deepest recession of any industrialised country since the second world war.

The collapse in a credit surge, sour property markets, and thousands of business bankruptcies soon meant that hefty state intervention was required to keep the system afloat.

Total credit losses in the Finnish banking system over the last four years amount to FM60bn ($12.7bn) while cumulative operating losses exceed FM40bn. More than FM40bn of state support has been needed, mainly to prop up the savings bank sector.

Even now, as the crisis enters its fifth year, recovery is not nearly as well entrenched as in Sweden and Norway, which suffered severe loan-loss crises two years ago. This is largely because of continuing problems among small and medium-sized Finnish companies and in the construction sector.

UBF and KOP have four consecutive years of losses behind them, although KOP's problems are more severe.

KOP last year suffered a FM1.8bn loss, bringing total losses since 1991 to nearly FM10bn. It has fared worse than UBF in both domestic and international lending, partly because it tried to build up business more aggressively in the late 1980s. Even in 1995, there will be a requirement for further extensive write-downs on its loan and real estate portfolios.

In the background was the real possibility of increased state ownership in KOP – tha state is the bank's biggest shareholder, with 10 per cent. The terms agreed – three KOP shares for every share in Unitas, the holding company for UBF – reflect the weakness of KOP's negotiating position, given its rival's stronger balance sheet and better prospects.

"This has to be seen as an exercise in saving KOP as well as curbing taxpayers' losses," says Ms Taina Uljas, Finnish analyst at BZW in London.

The new bank's Finnish dominance is striking. It will have more than 3m retail customers in a country with a total population of 5m. It will have about 40 per cent of private clients and 60 per cent of corporate clients. In deposits alone, its market share will be about 45 per cent.

In a normal situation, this dominance might be expected to cause an outcry because of reduced competition. But the reaction yesterday was surprisingly muted, partly because of e feeling that Finland needs a strong domestic bank to take on foreign rivals in the corporate sector and partly because both Finland's other big banks, Postipankki and Okobank, have extensive retail networks of their own.

"The merger doesn't mean the new entity will be the only bank in Finland's towns and villages," said Mr Stefan Guter, head of Nordic equities at Carnegie International in London.

The two banks aim to cut their combined operating costs by FM1.5bn a year, equivalent to 30 per cent of current expenses. This will be achieved largely cutting their combined branch network from 775 to 400-500, and by cutting as many as 6,000 full or part-time jobs from the 18,100 total.

Squeezing such a high level of savings out of the merger would be difficult at the best of times, but it is e formidable challenge for two banks with such different cultures and historical roots.

Unitas has the more elitist image, and has traditionally catered to the Swedish-speaking section of the population. KOP, by contrast, is more nationalistic, down-market and aggressive. The two have competed head-on over decades, and KOP employees are bound to feel they may suffer more than their UBF colleagues when jobs are cut.

But this is more than a merger of two banks. It also closes a divide which has long characterised the Finnish business community.

On the one side, the KOP sphere groups Repola, the forestry group, and Pohjola, a leading insurer. Both are large shareholders in KOP as well as corporate clients. The Unitas camp includes Kymmene, the forestry group; Sampo, an insurer, and Metra, the industrial concern. The merger prompted one Finnish commentator to comment yesterday that "in Finnish terms, this is equivalent to the collapse of the Berlin Wall".

If successful, the merger will bring the economies of scale and lower costs that will improve long-term profitability. A main aim is to get costs down to a level comparable with Nordic neighbours. For example, Sweden's most efficient banks have an income to costs ratio of 2.2, compared with the meagre 1.5 of KOP and UBF. It will also create a bank that can stand up to Nordic competitors both at home and abroad.

Mr Pertti Voutilainen, KOP chief executive, said yesterday that be had started discussing a merger with his opposite number at Unitas, Mr Vesa Vainio, as they came away from a lunch celebrating the opening of a Swedish bank in Helsinki. Both Skandinaviska Enskilda Banken and Svenska Handelsbanken have started operating in Finland, primarily on the corporate and broking side, and there are fears of a further invasion.

Yesterday'a move may deter other Nordic banks from targeting the Finnish market. It may give them something to think about in their own markets. For there is no doubt that the new KOP-UBF combine intends to expand into neighbouring countries, including the Nordic region, the Baltic states and even Russia, once the merger's benefits start to show through.

Economist to buy Journal of Commerce

By Geoff Dyer

The Economist Group yesterday said it had agreed to buy the Journal of Commerce from Knight-Ridder for $115m.

The deal will be financed out of cash resources and borrowing facilities.

Mrs Marjorie Scardino, Economist chief executive, said that the deal "will give us an additional platform there [the US] while providing some strategic international growth possibilities."

The Economist, in which Pearson, the owner of the Financial Times, has a 50 per cent interest, publishes Roll Call, the newspaper for the US Congress.

The journal, which became part of Ridder Publications in 1927, has a circulation of 21,000 and concentrates on maritime and trade issues.

As well as the 168-year old daily business newspaper, the Economist is acquiring three magazines and two electronic databases. The company employs 550.

Mr Jeremy Wagener, finance director, said that "we hope to bring to bear some of our skills, including circulation management and advertising development" on the company. The paper's international editions might be expanded.

He denied suggestions that large changes would be made to the newspaper. "We are not going to turn it into another Wall Street Journal," he said.

Mr Don Becker, publisher of the Journal of Commerce, claimed "there would be an inherent problem in becoming a more broadly based business newspaper, because the existing focused audience might cease to support the paper." About 75 per cent of the paper's revenues come from the maritime industry.

The company was now profitable after losing money in the mid-1980s, he said, although he would not disclose figures.

Mr James Batten, chairman of Knight-Ridder, said the group "cannot devote to [The Journal of Commerce's] continued development the resources that we would like."

UN expected to propose environmental market

By Richard Lapper

An international market in carbon dioxide emission permits could come one step closer next week when a sub-committee of the United Nation's commission on sustainable development is expected to recommend a pilot scheme.

This would be part of the UN's programme to combat global warming, agreed at its convention on climate change in 1992.

It is likely to involve a number of European governments – such as Germany, Norway and the Netherlands, which have funded recent work on the issue by the UN's Conference on Trade and Development – and the US.

"It offers the possibility of reaching the environmental goals at a lower cost than would be possible if each country were limited to reduction within its own borders," say Mr Tom Tietenberg and Mr David Victor in a report published last year.

The carbon dioxide market would be loosely modelled on the US market for sulphur dioxide emission permits, where levels of emissions are certified by the US Environmental Protection Agency.

Companies that reduce their output by, for example, switching to cleaner fuels or installing a costly smokestack scrubber, can sell their excess permits.

The Unctad report recommends establishing a UN Global Environmental Protection Agency, which would allocate carbon dioxide emission permits to participating national governments. The amount allocated to each country would be based on existing and/or future acceptable levels of national and global carbon dioxide emissions.

It would then be up to each government to channel the permits, to installations such as coal-powered power plants which – according to the UN – are responsible for between 70 per cent and 80 per cent of carbon dioxide emissions. The report estimates that half of the emitters would fall short of maximum emission levels by 30 per cent.

The report estimates the outstanding carbon dioxide emission permits would equal 835m tons. On the basis of US experience, emissions would be priced at $10 per ton, which suggests the outstanding market would amount to $8.35bn.

The report estimates that a pilot market in which the US, the EU and Japan participate would cover 40 per cent of total global emissions, which in 1990 were nearly 7bn tons.

It proposes the permits be traded in three of the world's derivatives exchanges, with one exchange operating in each time zone. If the scheme works, other countries would be tempted to join, gradually transforming it into a more complete system.

The report says a tradeable carbon dioxide programme would be the cheapest solution to global warming. A pilot scheme could be up and running by the early 1997.

CS First Boston plans cuts

By Maggie Urry in New York

CS First Boston, the US investment bank owned by CS Holding of Switzerland, is planning cuts in response to difficult trading conditions such as last year's sharp falls in the bond markets.

A board meeting of CS Holding in Zurich, Switzerland, next Monday will debate which parts of the business to be cut and how to approach reductions.

CS First Boston said once decisions had been made, it would take some months to implement them. It added that the steps would include a review of certain businesses, lay-offs and new initiatives in higher margin businesses.

The bank would not comment on which areas might be cut, but low-margin activities such as municipal bonds are thought likely. Activities could be moved into a joint venture with Credit Suisse, the Swiss bank which is also owned by CS Holding.

Many Wall Street firms have been making lay-offs to cut costs in the face of falling profits. CS First Boston has lost 300 jobs, mainly in the fixed income area, in recent months. Yesterday, it told its staff they would hear next week about annual bonuses for 1994 and would be paid the bonuses the week after. The total is expected to be a lot lower than the 1993 level.

Strong fourth quarter for Black & Decker

By Richard Tomkins in New York

A big increase in sales helped Black & Decker, US maker of household and professional tools, produce a 43 per cent increase in fourth-quarter net income from $42.3m to $60.5m.

Revenues surged ahead by 13 per cent to $1.6bn and earnings per share rose to 68 cents from 47 cents. Full-year net income before accounting changes rose to $127.4m from $95.2m.

Bleck & Decker's strong sales growth has been led by a combination of buoyant demand in the US construction and do-it-yourself industries and the launch of new products. Profits have been further boosted by cost-cutting and productivity improvement programmes.

Mr Nolan Archibald, chairman and chief executive, said power tools and accessories, plumbing products and Kwikset locks all achieved double-digit sales increases in 1994, with new products and expanded distribution providing much of the momentum.

Power tools was particularly strong in North America, where the growth of DeWalt professional power tools substantially outpaced that of the market. Power tools also achieved significant sales increases in Latin America and east Asia, and steady growth in Europe.

Dr Pepper confirms income fall

By Richard Tomkins

Dr Pepper/Seven-Up, the US soft drinks company being taken over by Britain's Cadbury-Schweppes, yesterday produced figures confirming that net income had fallen to $12.4m in the fourth quarter from $21.3m and to $66.5m for the full year from $77.9m. A preliminary estimate of the figures was published last week in Cadbury-Schweppes's offer document.

The fall in quarterly and full-year net income was wholly attributable to a decline in the company's tax loss carry-forwards.

Fourth-quarter revenues rose 10 per cent to $184m, and pre-tax profits, before charges relating to the extinguishment of debt, rose 26 per cent to $22.7m from $18m.

Mr John Albers, chairman and chief executive, said the company's Dr Pepper brand had grown at twice the industry's average rate of about 4 per cent in 1994, and the company's share of the $50bn-a-year US carbonated soft drinks market was now 11.6 per cent.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	8.80	23.88	25.24
0100	8.82	25.07	26.45
0130	8.95	29.87	31.28
0200	8.95	29.87	31.28
0230	8.82	25.07	26.45
0300	8.83	25.07	26.45
0330	8.83	25.07	26.45
0400	8.81	25.07	26.45
0430	8.80	25.07	26.45
0500	8.75	23.88	25.24
0530	8.81	24.09	25.47
0600	8.80	10.08	10.08
0630	9.06	24.09	25.48
0700	9.13	30.78	32.21
0730	18.75	37.07	38.94
0800	20.70	45.59	48.09
0830	18.50	72.34	75.27
0900	28.08	73.51	76.72
0930	21.92	48.43	51.62
1000	23.27	48.33	51.50
1030	23.25	47.43	50.38
1100	22.60	40.32	43.28
1130	22.48	40.21	42.86
1200	22.28	70.93	73.50
1230	21.73	70.16	72.62
1300	18.16	68.08	71.19
1330	12.27	36.91	38.67
1400	13.78	33.39	34.94
1430	9.27	33.00	34.38
1500	9.20	42.03	43.53
1530	9.16	42.04	43.55
1600	9.21	33.98	36.27
1630	14.27	98.31	103.80
1700	27.05	182.04	190.87
1730	42.79	211.41	241.12
1800	64.88	164.70	208.51
1830	64.13	104.05	117.27
1900	46.81	64.48	70.28
1930	31.34	43.86	46.51
2000	22.01	35.87	38.84
2030	18.72	36.04	37.44
2100	11.73	29.86	31.24
2130	13.51	29.14	30.32
2200	9.06	29.85	31.24
2230	8.95	10.74	12.12
2300	8.80	10.08	10.08
2330	8.78	9.80	9.80
2400	8.77	9.85	9.85

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. [illegible]

INTERNATIONAL COMPANIES AND FINANCE

AMP to make A$50m settlement

By Nikki Tait in Sydney

The Australian Mutual Provident, Australia's largest life insurer and owner of UK-based Pearl and London Life, is to pay out more than A$50m (US$37.3m) to 250,000 policyholders in a settlement with the Trades Practices Commission, after the competition watchdog received complaints from investors who claimed to have been misled about their policies.

Professor Allan Fels, TPC chairman, described the settlement as "the biggest payout in Australian consumer history". He said AMP had agreed to "underpin" the value of the policies last December, after the TPC told the insurer it was considering litigation in the Federal Court.

Professor Fels was critical of the way in which the policies were first sold, saying that "quite often" AMP agents did not understand their own products.

However, the TPC chairman added that he was impressed that the insurer offered payments or policy adjustments to all its affected policyholders "even where some consumers' legal rights were uncertain". He described the approach of AMP – which has lost significant market share in the Australian life industry recently and has seen a number of top level management changes – as "constructive".

The problem arose with "80/20" policies, introduced in the late 1980s and generally sold to investors considering retirement. Under these policies, 80 per cent of an investor's capital would go to the "guaranteed" component, and 20 per cent to an asset value component, which was to be exposed to investment conditions.

Many investors believed the guaranteed element would be immune to market fluctuations. However, AMP calculated subsequent policy values by applying an "adjustment factor", which the TPC claimed affected the whole of the policies. AMP said it had used reserves to "smooth" the adverse effect of falling asset values and maintain overall guarantees.

Under the settlement, the policies will reflect original consumer expsctations. According to the TPC, some individuals will be as much as A$10,000 better off.

In addition to the more than A$50m outlay on policies, AMP has agreed to develop a trade practices compliance programme, to fund TPC expenses in monitoring the implementation of the undertakings, and to contribute A$100,000 towards assisting the TPC in funding a community education programme on TV about insurance-related issues.

NEWS DIGEST

Leif Hoegh posts weakest operating profit in five years

Leif Hoegh, the Norwegian shipowner, yesterday reported its weakest average operating profit in five years and said it would decide later on whether to propose a dividend for 1994, writes Karen Fossli in Oslo.

Operating profit of NKr107m ($15.9m) in 1994 compared with NKr359m the previous year.

The weaker result was attributed to the exclusion of Bona Shipholding, primarily a tanker operator, from consolidated accounts after the unit was spun off into a separate company in 1993.

The company also blamed an NKr11m loss by Cool Carriers, an acquisition last year, and lower earnings by other core segments such as car transport.

Freight income rose by NKr373m to NKr2.48bn, but this was more than offset by higher operating and voyage-related expenses, which rose by NKr664m to NKr2.48bn.

The shipowner was also hit by a NKr3m loss by associated companies which had broken even in 1993.

Realised foreign exchange losses reached NKr58m against a gain of NKr6m, while unrealised foreign exchange gains rose to NKr96m from a loss of NKr53m.

Pre-tax profit, before minority interests, fell to NKr148m from NKr335m, while net profit rose to NKr252m from NKr244m.

Leif Hoegh forecast 1995 profit after financial items would improve moderately over the previous year provided stability was maintained in the dollar/krone exchange rate.

Teléfonos de México buy-backs approved

Teléfonos de México, the dominant Mexican telecoms group, said shareholders approved possible buy-backs of up to 250m shares at a shareholders' meeting, Reuter reports from Mexico City.

"In the ordinary general assembly of shareholders held today, an increase was approved in the reserve for acquisition of the company's own shares to 2.975bn new pesos ($557m), and in the maximum amount of social capital which may be given over to buying the company's own shares, to 25m new pesos," the company said.

The approval was granted "after stating that, with the aforesaid, the company may acquire up to 250m of such shares", Telmex added.

Hoechst raises stake in SGL Carbon to 89%

Hoechst, the big German chemicals company, said it had temporarily raised its stake in SGL Carbon to 89 per cent, acquiring 29 per cent from a US group, Horsehead Industries, in preparation for listing SGL on the bourse, Reuter reports from Frankfurt.

"The action is to be seen in light of the planned bourse listing of the world's largest producer of graphite products," Hoechst said.

Hoechst said it planned to keep more than 50 per cent of shares after the listing within the next three months of SGL, the world's largest producer of graphite products.

Blanc quits as Valeo finance director

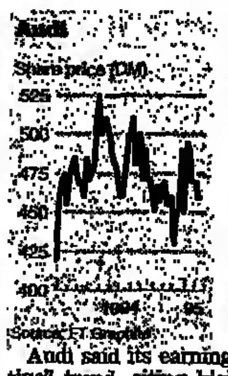
Valeo, the French vehicle components group, announced that Mr Yves Blanc had resigned as finance director and that it was reorganising its top financial management, writes John Ridding in Paris.

The company said Mr Blanc was leaving for personal reasons and that he had remained at the group while the reorganisation was being arranged.

Mr Thierry Morin, previously the group's financial controller, has been appointed vice-president responsible for finance.

Mr Thierry Dreux has been appointed vice-president for financial operations but will remain director for international development, focusing in particular on China, India and South Korea. Ms Letitia Petrie takes charge of investor relations.

Audi lifts global sales 7.3% to DM13.5bn



Audi, the German luxury carmaker, increased group worldwide sales in 1994 to DM13.5bn ($8.8bn), a 7.3 per cent advance on the previous year's DM12.6bn, AP-DJ reports from Ingolstadt. The company, a division of the Volkswagen motor group, said worldwide deliveries rose 5.2 per cent to 376,141 last year.

Audi said its earnings developed in a "positive" trend, citing higher sales volumes and improved cost efficiency. It did not publish specific earnings figures.

The company did not give a forecast for 1995, but in an interview published earlier Thursday by German financial news agency VWD, Mr Herbert Demel, Audi's chairman, said the company would focus its new strategy on improving its image with customers, laying emphasis on quality and service.

Mr Demel said job cuts of around 15 per cent in the last two years to the end of 1994 had been completed.

Malaysian telecoms groups in joint venture

Telekom Malaysia and Delcom Services yesterday signed a joint venture agreement with Thai Satellite Telecommunications to provide a satellite-based wireless telephone service in Malaysia, Reuter reports from Kuala Lumpur. The joint company, Iridium Malaysia, may later market the service to several south-east Asian countries.

Telekom has a 40 per cent stake in Iridium Malaysia, with the remaining 60 per cent stake divided equally between Delcom and Thai Satellite. Iridium Malaysia will initially have a paid-up capital of M$1m (US$392,256).

The Iridium telephone system is part of an international project which will allow users with a special handheld phone to contact another party anywhere in the world through the use of satellites.

The project is led by US-based Iridium, in which Motorola has the largest stake of 27.25 per cent.

Sixteen other telecommunications authorities and companies are involved in the consortium which will launch 66 small satellites for the system from 1997. The service is scheduled to start in 1998.

Deutsche Babcock payout

Deutsche Babcock, the German engineering group, yesterday said it would pay a dividend, of DM5, for the first time since 1988, writes Michael Lindemann in Bonn. The company earlier reported gross profits of DM90m ($58.8m) for the year ending September 30.

The company also said it would convert its preference shares into ordinary shares so that all shareholders receive the same dividend.

Milestone for PTC as bid deadline approaches

By Farhan Bokhari in Islamabad

The privatisation of Pakistan Telecommunications Corporation (PTC) reaches another milestone this weekend with the deadline on bids for advisers on the sale later this year of a block of up to 26 per cent of the company's shares.

Ths single buyer will be expected to take over the company's management.

The advisory mandate is expected to attract stiff competition from at least five local brokerage houses.

At least an equal number of international investment banks and brokerage houses are also expected to offer bids, possibly in partnership with local companies.

However, concern remains over the response from investors.

International investors who bought into last year's sale of 10 per cent of the company's shares face a loss of about 40 per cent.

In the domestic markst, PTC's shares have fallen to almost half their peak price of more than Rs70 ($2.28) a share last September.

The fall was partly triggered by a controversy over the size of the company's market.

After the offer it was revealed that the company was catering for less than 1.9m clients, a lower number than investors had assumed.

One of ths more difficult tasks facing the financial advisers is that of providing an accurate assessment of the company's real worth.

Soms government officials claim PTC could warrant a price tag of up to $15bn, some 50 per cent above the valuation implied by the government's original sale.

The government still hopes that the prics will rise further in response to the introduction of private sector management.

Mr Hussain Lawai, president of the Muslim Commercial Bank, a Pakistani bank which underwrote PTC's earlier international offer, says that in spite of the delay over the company's latest accounts, there is no reason to suggest that it will not do well in the future.

Mr Lawai refers to PTC's profit growth in previous years and an increase of almost 28 per cent in 1993 profits over the previous year as evidence of the company's strength.

India may tie steel stake sale to GDR issue

The Indian finance ministry has proposed selling some of the government's controlling stake in the Steel Authority of India (Sail) at the same time as the group launches a proposed $350m global depositary receipt (GDR) issue, Reuter reports from New Delhi.

It would be the government's first public sector disinvestment in the international market.

Last year, the ministry announced that it would sell up to 10 per cent of its controlling stake in Sail in two rounds.

In the first round in November, the government sold about 0.2 per cent of Sail's equity.

The government has postponed both the second round of disinvestment, initially set for last month, and the GDR euroissue, which had been set for March or April of this year. No new date has been set.

The government has also authorised the steel company to issue fresh capital equal to 10 per cent of its paid-up equity.

India's Economic Times newspaper said Sail planned to issue this fresh capital partly as a euroissue and the balance as a domestic issue.

Redundancy costs cut BT to £660m

By Alan Cane

Higher than expected redundancy charges and operating costs held back profitability at British Telecommunications in the third quarter.

These were balanced, however, by asset sales and strong growth in mobile communications leading to pre-tax profits broadly in line with market expectations.

For the three months to December 31 pre-tax profits slipped from £698m to £660m, ($1,02bn) on turnover of £3.47bn (£3.43m). Earnings per share were 7.1p (7.3p).

The figures were affected by price reductions forced on the company by the terms of its price cap, an aggressive capital expenditure programme and a £75m charge related to the repurchase of bonds.

Inland call turnover fell by £184m, or 4.7 per cent, in the first nine months, as a result of price cuts only partially offset by increased calls.

International call turnover fell 2.4 per cent. Again price cuts outweighed volume growth of 4 per cent.

Redundancy charges at £217m were about £40m higher than expected. The company has now completed last year's voluntary programme. Mr Robert Brace, finance director, said 15,000 job losses had been planned but more staff had elected to leave.

No target had been set for the level of redundancies this year, but it would be less than 15,000.

Capital spending rose £463m to £1.9bn for the nine months. It was accounted for by investment in BT's digital exchanges to provide advanced "intelligent" services, in Cellnet's digital network and in new computers for improved customer billing. Mobile communications rose 43 per cent in the nine months. Cellnet added 543,000 users for a total of 1.56m.

See Lex

Canada Life buys Manulife UK side

By Alison Smith

Canada Life, the Canada-based mutual insurer, is almost doubling its UK life insurance business by acquiring the British operation of Manulife Financial, Canada's largest life insurer, for an undisclosed sum.

The move is likely to be followed by other deals rationalising the UK life sector, as overseas companies confront the choice of acquiring critical mass or leaving an ovarcrowded market.

For much of last year, Manulife was seeking an acquisition. Only when it failed to find a suitable purchase did it decide to put itself up for sale.

Manulife said yesterday the UK had become "an increasingly complex regulatory environment" in which it did not have the scale to compete.

The acquisition will increase Canada Life's UK sales force from 340 to 750, and assets from £1.5bn to £2.6bn. It will also expand the company's product range to include unit trusts and Peps.

The acquisition of Manulife's direct sales force would broaden the company's distribution.

Sales through independent financial advisers currently provide about 70 per cent of premium income. Mr Mills said the aim was that half the premium income for the enlarged company should come from direct sales.

The deal does not affect Manulife's international invastment office, which was not offered for sale.

Action 'not appropriate' until all inquiries over

Panel stalls N Electric appeal on derivatives

By David Wighton

The Takeover Panel has taken the unusual step of refusing to hear an immediate appeal against its clearance of the controversial derivatives contracts struck between Trafalgar House and Swiss Bank Corporation ahead of the £1.2bn Northern Electric bid.

The Panel told SG Warburg, adviser to Northern Electric, that hearing the appeal would not be appropriate "until inquiries by other regulatory bodies have been concluded".

It is thought the last time the Panel made such a ruling was in relation to Guinness's takeover of Distillers in 1986.

The Panel would not comment but there was speculation yesterday that it was concerned about prejudicing any possible future legal action.

The Department of Trade and Industry is examining whether the contracts, which yielded Trafalgar House a profit of £8m thanks to the rise in electricity share prices following its bid, breached insider dealing rules.

The Takeover Code includes rules modelled on the old insider dealing legislation which Northern believes have been breached.

Rule 4 restricts "dealings of any kind (including option business) in securities of the offeree company by any person, not being the offeror, who is privy to confidential price sensitive information concerning an offer or contemplated offer...

The code adds: "No person who is privy to such information may make any recommendation to any other person as to dealing in the relevant securities."

Before the bid, Swiss Bank accepted contracts for differences linked to the share price of Northern and other regional electricity companies. The Bank's marketmaking arm subsequently increased its large stakes in Northern and Yorkshire Electricity.

Govett is sacked by its own fund

By Nicholas Denton

Govett & Company, the UK-based fund manager, was yesterday sacked by one of its own funds, accused of a number of offences and sued.

The legal action, rare in the fund management industry, disrupts Govett's acquisition of Duff & Phelps, the US fund manager for which it is paying $250m.

Govett American Endeavour Fund, a Jersey-registered investment company specialising in mezzanine debt financing in the US, accused Govett, its management company, of at least 10 offences including fraud and negligence.

The complaint alleges violations of the US Racketeer Influenced and Corrupt Organisations Act, the powerful legal instrument used originally against the Mafia and later against US financiers like Mr Michael Milken.

"There is evidence of a sustained pattern of wrongdoing which has resulted in damage to the fund," said Mr Graeme Elliot, chairman of American Endeavour.

American Endeavour is suing for damages of at least $20m, which would automatically be trabled under the RICO act. Govett, which has $9bn under management, said it was examining its financial exposure.

Govett's shares dropped 38p to close at 311p cutting the value of its share and cash offer for Duff & Phelps, which the shareholders still have to approve formally.

Govett rejected the charges, saying the action was timed to cause havoc in its acquisition. It added that American Endeavour had dismissed it to preempt its own resignation.

It blamed the deterioration in relations on interference in the management of the fund by representatives of James Hardie Industries of Australia, which has a 75 per cent interest in the fund.

Govett took fees from companies in which it advised American Endeavour to invest. American Endeavour alleges these were "commitment fees" worth $5m. It said it did not know of them and they should have been paid into the fund. Govett said the payments were for consultancy, and taking them was normal practice for fund managers.

British Gas in Russian oil decision

By Robert Corzine

British Gas is considering whether to double its 25 per cent stake in Russia's KomiArctic Oil, following the decision earlier this week by Gulf Canada Resources, the Calgary-based oil and gas producer, to sell its share in the project.

Under the rules of the joint venture British Gas has the right of first refusal to buy Gulf Canada's 25 per cent stake.

The company said it was too early, however, to say whether it would exercise its rights. It also declined to divulge how much it paid for its original stake.

KomiArctic Oil was set up by British Gas, Gulf Canada and Komineft, the regional Russian oil and gas company, in 1991 to develop two oil fields in the Timan Pechora area near the Arctic Circle.

Current production is about 18,000 barrels a day, most of which is exported.

LEX COMMENT

Past still afflicts T&N

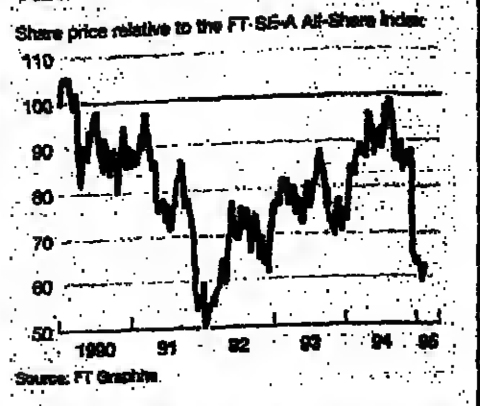
T&N continues to pay the penalty for its asbestos-producing past, but at least the management is taking a realistic approach to its problems. T&N is a successful automotive components company carrying the burden of unquantifiable personal injury claims. The £100m provisions against asbestos claims, announced in November, stretched an already taut balance sheet. It also harmed the credibility of T&N's acquisitive strategy. As a result, investors who had hung on for a high dividend pay-out decided this was unsustainable, hence the current 9 per cent dividend yield.

The best thing T&N can do is to reflect financial realities and cut its 1995 dividend. Selling non-core businesses could cover asbestos pay-outs, and reduce gearing from the current 60 per cent. And the much vaunted purchase of Germany's Kolbenschmidt can be tailored to suit T&N's balance sheet. Reducing the investment and lowering Kolbenschmidt's own debt are sensible moves. After all, if T&N's asbestos woes are waning – as the management says – the pressure to build alternative profit streams must also dissipate. And the core business is performing strongly.

The management needs to stick to this path, even in the face of opposition from yield driven investors. The alternative to dividend cuts is a rights issue. And with the shares trading 29 per cent below their level last November, the management has a lot to gain from being able to demonstrate a secure balance sheet and conservative strategy. Then it can at least bear any further legacies from an unfortunate past.

T&N

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Last year's restructuring helps lift BOC to £89.4m

By Daniel Green

BOC, the gases group, showed the fruits of last year's restructuring with first quarter pre-tax profits of £89.4m ($140m). That compared with a loss of £8.9m, after a restructuring charge of £85m.

The company said the cost savings programme was going to plan and pre-tax profits this year could benefit by "about £35m".

The results were slightly below expectations and forecasts for full year profits are now in the region of £375m to £410m.

The company operates in three main regions: Europe, the Americas, and Asia Pacific. The Americas saw the fastest operating profits growth, from £22.8m to £30.3m. But sales fell to £266m (£274m) because of the disposal of the Californian retail gases business.

First quarter profits were helped by a recovery in gas prices and volumes in the US. "Volumes are up in the United States and prices are on the move. The combination is a good one," said Mr Pat Dyer, managing director.

Industrial gases, the biggest division, raised operating profits to £86.6m (£75.3m) on sales of £625m (£609.8m).

The company warned, however, that competition for its anaesthetic Forane, which has lost its patent protection, would continue to grow.

BTP seeks £52m for purchases

BTP, the speciality chemicals group, plans to raise £51.9m ($80.4m) in a 1-for-6 rights issue, its third in three years. It will issue 23.7m new ordinary shares at 225p. The shares closed down 12p at 260p, writes Geoff Dyer.

The proceeds will fund bolt-on acquisitions, costing about £30m. The group added that it had paid £3.5m for a factory in north Wales for one of its raw materials. Mr Stephen Hannam, chief executive, said: "We have the opportunity to become one of the top four adhesives companies in the world through small acquisitions."

The group was looking at a number of targets, particularly in south east Asia. In November, it bought Acebond Adhesives, a small Singapore-based company.

Logistics runs into margin pressure

Geoff Dyer on a sector which has had its premium rating dented

Sir Christopher Bland, the chairman of NFC, the UK's largest transport and logistics group, had only one comment to make about trading at the company's annual meeting last month. "Pressure on margins", he told shareholders, "has not diminished."

For the past year, margin pressure has been the constant refrain of specialists in logistics – industry jargon for third-party distribution, warehousing, packaging and inventory management. A succession of profit warnings and disappointing results has dented the sector's premium rating.

NFC, which was one of the first to speak openly about falling prices, has seen its shares fall 38 per cent since the beginning of 1994. Even shares in Tibbett & Britten, thought to be the sector's blue-chip stock, dropped 26 per cent after it warned of tough trading.

Other operators say the market has stabilised, but even the most optimistic see no sign of prices increasing. Having hoped originally that last year's tough conditions were just a reflection of the sector's late exposure to the recession, they are now coming to terms with the fact that the returns from existing business are going to remain lower.

During the 1980s, a number of distribution companies persuaded grocery and fashion groups to let them handle part of their supplies. They made healthy profits and initially managed to avoid the ravages of the recession, in part because of long-term contracts.

The problems began with the outbreak of intense price competition between supermarket chains in late 1993. In looking to cut costs, the retailers took a knife to their logistics bills, sending prices tumbling. Some companies claim the return on capital halved on renegotiated contracts last year.

Mr Robbie Burns, managing director of Exel Logistics, the NFC subsidiary, said: "We are still doing the same level of business as before. We're just not making as much money on it." New customers are also more aggressive. Mr Andrew Fitchie, analyst at SG Warburg, said: "The logistics companies got away with a lot at first. But there is now a greater understanding of pricing than the grocers had first time round."

Competition is intense. For straightforward distribution contracts, there are few barriers to entry. But in the market for the most complex contracts, requiring considerable capital expenditure, seven groups each have annual turnover from contract distribution in the UK of about £200m, according to James Capel, the stockbroker.

The realisation that the UK grocery market has matured is forcing operators to step up efforts to improve margins. Opportunities, however, require investment.

Operators can enhance service through greater use of computers, keeping a closer track on inventory to reduce working capital. Mr Alan Cole, chief executive of Transport Development Group, said: "Improved information technology allows customers to measure where their stock is at any one time."

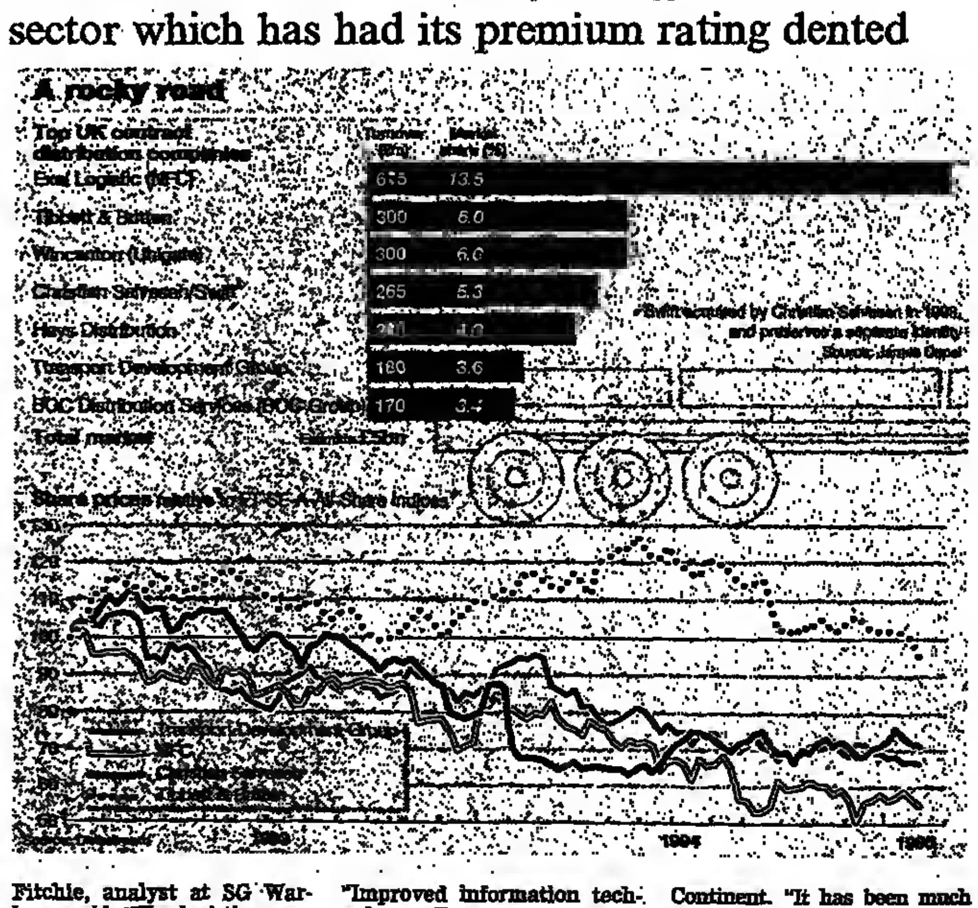
There is scope to increase volumes. External logistics companies are estimated to account for only 30 per cent of the available market, the rest being done in-house. Operators are striving to develop new industrial customers, such as food manufacturers and chemical companies.

They reject the suggestion by some analysts that these industries do not offer the same opportunity as supermarkets to add value, because of the less complex inventory management involved. "Just-in-time delivery was after all invented by the industrial sector," says Mr Chris Masters, chief executive of Christian Salvesen.

Unlike grocers, most of these new industrial clients focus on Europe as a whole, which is forcing logistics operators to improve their presence on the Continent. "It has been much talked about in the past in advance of actual ability, but now everyone is moving into northern Europe," Mr Masters says. Expansion has been a problem for some. NFC's European logistics business, which spent £10m on two acquisitions from Frigoscandia in Germany, lost £4.6m last year.

The lower turnover that many industrial contracts involve is encouraging the greater use of "multi-user facilities", where a network is used by several customers. This in turn requires greater use of computers and management expertise if the logistics companies are to utilise their assets efficiently.

A rash of takeovers is unlikely. Most large contracts allow renegotiation or even cancellation if ownership changes, and customers deliberately spread their business to encourage competition. The use of dedicated facilities also means there is little scope for economies of scale.



RESULTS

Company	Period	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BOC	3 mths to Dec 31	825.3	(799.8)	89.4	(8.9L♠)	11.86	(7.18L)	-	-	-	-	23.2
BT	9 mths to Dec 31	10,317	(10,190)	2,153✱	(2,198✱)	22.1	(22.9)	-	-	-	-	18.7
Calluna §	6 mths to Sept 30	0.409	(0.077)	1.05L	(0.96L)	2.6L	(18.5L)	-	..	-	-	-
Crest Nicholson	Yr to Oct 31	249.1	(272.8)	11.1	(2.13)	7.15	(0.01)	1.4†	Apr 21	1	2	1
Sellon	6 mths to Oct 31	61.5♣	(51.6)	2.71	(0.75)	3.72	(1.74)	0.8†	April 13	0.65	-	2
Tottenham	6 mths to Nov 30	11.7	(12.3)	2.06	(0.644)	8.6	(2.7)	nil	-	nil	-	1

Dividends shown net. Figures in brackets are for corresponding period. †On increased capital. §USM stock. ♠After £85m restructuring provision. ✱After £368m (£292m) redundancy charges. ♣Irish currency.

COMMODITIES AND AGRICULTURE

Market stays nervous as metals rebound

By Deborah Hargreaves

Metals prices bounced yesterday as more trade buyers emerged after the sharp falls experienced on the London Metal Exchange this week.

"This has corrected an over-bought market, but there is still a bit of an argument between the trade buyers and the liquidators, which means the market could move sideways for a bit," said Mr William Adams, at Rudolf Wolff, the London metals brokers.

Copper, aluminium and nickel all benefited from a return of interest in metals with aluminium recovering much of the loss made on Wednesday to finish at $1,933 a tonne – $61 higher. Copper prices settled into a range, trading between $2,850 and $2,750 a tonne and closed at $2,825.

Nickel prices which tumbled on Wednesday, recovered $240 a tonne to $8,250.

But the market remains nervous of further weakness. "It's a bit like watching a tightrope – will it fall or make it across?" said Mr Nick Moore at Ord Minnett. Traders will be watching the release of LME stock figures today along with primary aluminium statistics with interest to see whether falling stocks will support higher prices.

Germany urged to act over beef ban

By Michael Lindemann in Bonn

Mr Horst Seehofer, the German health minister, was last night considering what action he could take against several German states controlled by the opposition Social Democratic party (SPD) which have banned the processing and consumption of British beef.

Mr Franz Fischler, the European Union's agriculture commissioner, wrote to Mr Seehofer yesterday asking him to outline what he could do to bring the states in line with the latest EU regulations which permit the import of British beef from animals born after January 1, 1992.

Several states have banned British beef saying it may be infected with bovine spongiform encephalopathy (BSE) or mad cow disease. Mr Seehofer, however, is satisfied with the latest measures agreed in Brussels in December and issued an emergency decree earlier this week bringing Germany into line with the rest of the Union.

The ministry said Mr Seehofer had two weeks to reply to the letter.

Renison looking at Indian project

By Nikki Tait in Sydney

Renison Gold Fields, the Australian mining group in which Britain's Hanson holds a large minority interest, said yesterday that it was looking at developing a synthetic rutile mineral sands project in India, in conjunction with three Indian partners.

The proposed site is in Kerala, on India's southwest coast. Although a feasiblity study has yet to be completed, RGC said that it was estimated that there was sufficient ilmenite to feed a plant producing around 120,000 tonnes of synthetic rutile a year, over 15 years.

"These resources, which also contain rutile, zircon, sillimanite and other minerals, will be confirmed as part of a pre-feasibility study now being undertaken by Rension Gold Fields Mineral Sands," said the company.

The three Indian partners who have signed the initial agreement are Indian Rare Earths, Chemicals and Plastics India, and the government of Kerala.

Syria struggling to soften its image in the oil business

By James Whittington and Robert Corzine

Late last year Mr Nadir Nabulsi, Syria's oil minister, and the president of France's Elf Aquitaine, Mr Phillipe Jaffre, made a much-publicised trip to Syria's prolific oil producing region, Deir al-Zor, in the north east of the country.

At Jafra the two men officiated at a ceremony marking the rapid growth of Syria's oil industry, whose output has surged to a record 600,000 barrels a day from 160,000 b/d a decade earlier.

But not everyone in the area was in a celebratory mood. Not too far away a team from Tullow Oil of Ireland was quietly plugging an abandoned wildcat well, their second in less than two years which failed to produce commercial quantities of crude.

Unfortunately for Syria, Tullow's experience has not been unique. After a flurry of activity in the late 1980s, when commercial quantities of crude were found in the Deir al-Zor, international interest in Syria waned because of disappointing exploration results and harsh contract terms.

Out of 14 oil companies operating in the country in 1991, only five remain – Elf, the Royal Dutch Shell group working with Germany's Deminex, Tullow and Marathon of the US.

Last week Mr Nabulsi was in London to try to persuade UK-based companies that Syria was prepared to be flexible on the terms and conditions it offers to explorers. He said: "We are ready to modify any terms and conditions" to suit individual proposals.

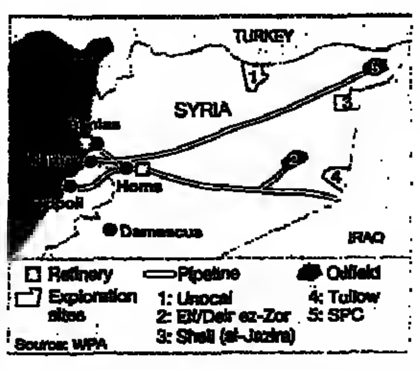
But flexibility over terms and conditions may not be enough to reinvigorate Syria's oil and gas sector, which, despite the recent production increases, faces an uncertain future.

Mr Nabulsi would not disclose the latest estimates of Syria'e oil reserves, but industry estimates put recoverable reserves at just 1.7bn barrels, less than eight years' production at the current rate of extraction.

On one consultancy's list of 101 countries, rated on fiscal attraction to oil explorers, it comes 101st

One of the problems facing Syria is the sheer level of competition which now exists for international oil investment. Unlike the 1980s, international oil companies today enjoy an abundance of opportunities worldwide.

The end of the Cold War opened vast parts of known oil-bearing regions in eastern Europe and the former Soviet Union to exploration. In addition many countries which have traditionally been closed to international oil companies are now scrambling to attract investment.



Syria, however, is on the edge of the main Middle East oil basin. And it is struggling with a reputation as one of the most difficult oil producing countries in the world to operate profitably in.

The need to dispel the harsh image is urgent: with over 70 per cent of export earnings coming from oil sales, Syria faces economic dislocation on a large scale unless big new discoveries are found soon or existing reserves prove much more extensive or prolific.

But Petroconsultants, the Geneva-based consultancy, yesterday said Syria's strict fiscal terms were a deterrent to the development of marginal fields. It ranked bottom on a list of 101 oil producing countries rated on their fiscal ettractiveness to oil explorers.

Mr Nabulsi last week dismissed suggestions that Syria's oil regime is harsher than those elsewhere. He said foreign oil companies sometimes "hide behind (the issue of) terms and conditions."

He noted, for example, that Shell has operated successfully in Syria for 25 years, and has recovered $2.7bn of the $3bn it has invested in the country in recent years.

Other companies, however, object to the current practice that any commercial discovery involves the setting up a joint venture with the state-owned Syrian Petroleum Company which controls output and selling prices.

UK is best for 'oil tax' say researchers

By Robert Corzine

The UK has the most favourable tax regime for oil exploration companies, according to a survey by Petroconsultants, an oil industry research group in Geneva.

"The UK continues to stand out as offering potential investors the linn's share of any economic rent generated by oil developments while still offering attractive acreage," it said.

It added that most of the fiscal regimes in oil producing countries continued to be regressive, particularly Syria and Egypt.

The survey said a number of countries made significant changes to their fiscal regimes last year, including Colombia, Congo, Ecuador, New Zealand, Peru and Qatar. There was a correlation between a high tax rate and high prospectivity. Colombia, Egypt, Indonesia, Malaysia and Norway, for example, claim more than 85 per cent of oil project profits.

Apart from the UK, the countries with the lowest tax take included Ireland, Equatorial Guinea, Paraguay and Turkey, "none of which are normally regarded as particularly prospective," said the report.

UN agency tightens belt to support world's small farmers

By John Madeley

In the battle for a share of scarce world aid money, the International Fund for Agricultural Development, the United Nations agency for small farmers, has streamlined its operation and is making changes in the way it is funded and controlled.

At its recent governing council meeting in Rome, the fund became the first UN aid agency to change the agreement on which it was established.

The fund has altered its voting structure on the governing council to reflect more accurately its sources of funding.

Western countries have pledged $420m (£270.9m) to the fund for the next three years, out of an overall total of $570m. The Organisation of Petroleum Exporting Countries (Opec) is likely to contribute around $90m, and developing countries $60m. The west's share of voting power will increase from a third to a half.

Set up in 1977 to provide aid to poorer farmers, the fund was originally financed jointly by western countries and Opec members. It was a way of recycling some of Opec's surplus oil money to help agriculture in developing countries.

The fund has given interest-free loans of around $4bn to about 400 projects in more than 100 developing countries, with two-fifths of its money going to Africa. Co-financing from other donors has provided another $4bn, and contributions from governments in recipient countries $5.5bn. In addition, it has raised $400m for a special programme for African countries affected by drought and desertification.

Mr Fawzi Al-Sultan of Kuwait, the fund's president, says administrative costs have been reduced "by over 14 per cent in 1994" and, that as a proportion of lending, costs have dropped in the last two years from 17.7 per cent to 12.7 per cent.

Some of the saving has come from streamlining procedures for assessing and starting new projects, which have often been slow and costly. The fund has now cot its time of project development "from two years to less than a year," says Mr Al-Sultan.

The fund's supervision of ongoing projects, however, has been criticised by an independent assessment team. They described existing arrangements for the supervision of projects as "clearly unsatisfactory ... the fund needs a better management tool".

While the fund selects projects to support, it relies on a large number of agencies on the ground to administer its loans and supervise the projects. The assessment team suggested that it work with "a smaller number of co-operating institutions".

Mr Al-Sultan says that for a "limited number of projects" the fund intends to do its own supervision. "This will accelerate the IFAD's own learning curve and help to strengthen future project design," he says.

The assessment team said they found "plenty of evidence that the fund is reaching the poor and helping them to increase agricultural productivity and incomes".

"The need for IFAD is more pronounced now than at the time it was created," said Mr Ivan Head, the team's Canadian chairman.

The agency's lending to Africa increased sharply in 1993 and 1994, but its special Africa programme is to be merged into the general fund.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY ($ per tonne); ALUMINIUM ALLOY ($ per tonne); LEAD ($ per tonne); NICKEL ($ per tonne); TIN ($ per tonne); ZINC, special high grade ($ per tonne); COPPER, grade A ($ per tonne); LME AM Official £/$ rate; HIGH GRADE COPPER (COMEX)

[illegible]	[illegible]

PRECIOUS METALS

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

[illegible]	[illegible]

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.); PLATINUM NYMEX (50 Troy oz.; $/troy oz.); PALLADIUM NYMEX (100 Troy oz.; $/troy oz.); SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]	[illegible]

ENERGY

CRUDE OIL NYMEX (42,000 US galls. $/barrel); CRUDE OIL IPE ($/barrel); HEATING OIL NYMEX (42,000 US galls; c/US galls); GAS OIL IPE ($/tonne); NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu); UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]	[illegible]

GRAINS AND OIL SEEDS

WHEAT LCE (£ per tonne); WHEAT CBT (5,000bu min; cents/60lb bushel); MAIZE CBT (5,000 bu min; cents/56lb bushel); BARLEY LCE (£ per tonne); SOYABEANS CBT (5,000bu min; cents/60lb bushel); SOYABEAN OIL CBT (60,000lbs; cents/lb); SOYABEAN MEAL CBT (100 tons; $/ton); POTATOES LCE (£/tonne); FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]	[illegible]

	Close	Prev
BFI	1974	1995

Wool

A drop of 28 cents in Australia's Eastern Market Indicator last week was followed by a rise of 16 cents this week, taking it to over 800c/kg. The erratic movements in Australia are not mirrored in South Africa, where the market saw a modest decline, nor in New Zealand, where previous strength was well maintained. Nor are they related to trading attitudes in European markets. The explination for a mid-week Australian jump in prices was a resurgence of Chinese demand after new year celebrations had caused a break. In considering market attitudes, the latest joint appeal by the Wool council of Australia and French processors for increased wool production to meet growth in demand contrasts ironically with suggestions only a couple of years ago that the Australian stockpile then undermining trading confidence should be destroyed.

SOFTS

COCOA LCE (£/tonne); COCOA CSCE (10 tonnes; $/tonnes); COCOA (ICCO) (SDR's/tonne); COFFEE LCE ($/tonne); COFFEE 'C' CSCE (37,500lbs; cents/lbs); COFFEE (ICO) (US cents/pound); No7 PREMIUM RAW SUGAR LCE (cents/lbs); WHITE SUGAR LCE ($/tonne); SUGAR '11' CSCE (112,000lbs; cents/lbs); COTTON NYCE (50,000lbs; cents/lbs); ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]	[illegible]

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

REUTERS (Base: 18/9/31=100); CRB Futures (Base: 1967=100)

[illegible]	[illegible]

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs); LIVE HOGS CME (40,000lbs; cents/lbs); PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]	[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — Puts —
ALUMINIUM (99.7%) LME; COPPER (Grade A) LME; COFFEE LCE; COCOA LCE; BRENT CRUDE IPE

[illegible]	[illegible]

LONDON SPOT MARKETS

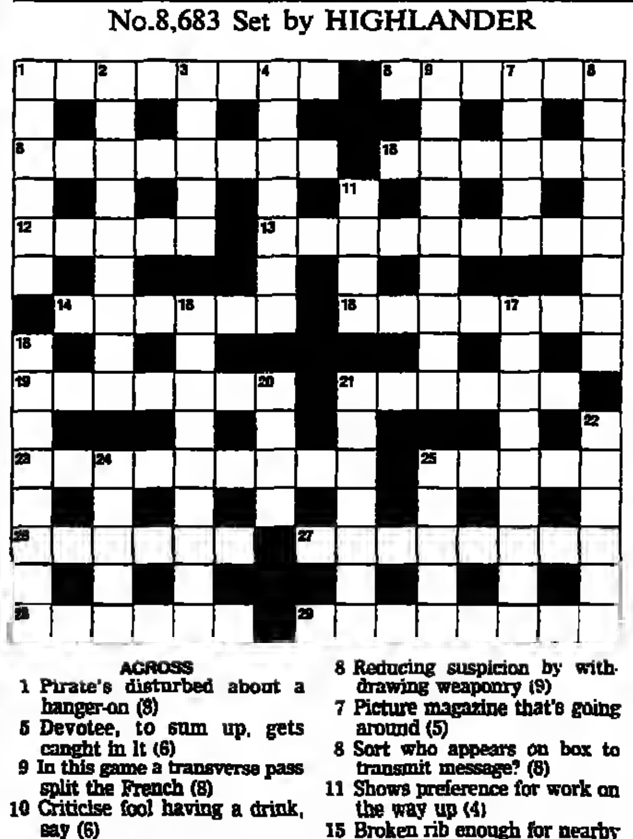
CRUDE OIL FOB (per barrel/Mar); OIL PRODUCTS NWE prompt delivery CIF (tonne); OTHER

[illegible]	[illegible]

JOTTER PAD

CROSSWORD

No.8,683 Set by HIGHLANDER



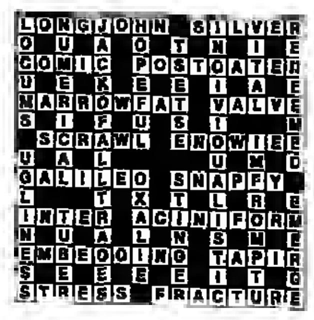
ACROSS

1 Pirate's disturbed about a hanger-on (8)
5 Devotee, to sum up, gets caught in it (6)
9 In this game a transverse pass split the French (8)
10 Criticise fool having a drink, say (6)
12 Empty one in pub using key (5)
13 Not in an ideal state as one married; consummate later (9)
14 Means business? (6)
16 Sound pleased it's all over, with rider's support (7)
19 Opportunity for taking the lid off (7)
21 Award for graduating thermometers? (6)
23 Massacred, yet applauded heartlessly (9)
25 Star's brief performance showed up orchestra leader (5)
26 Use small measure dodge (6)
27 Exercise slated originally for foot of column (8)
28 Used to indicate alternative rude version for excrement (6)
29 Charge less than for tenderloin (8)

DOWN

1 Everyone in the swim turned pale (6)
2 Geometrical shape ruined viewpoint, according to speakers (9)
3 Quiet individual was outstanding (5)
4 Check if youth deader is to give evidence (7)
6 Reducing suspicion by withdrawing weaponry (9)
7 Picture magazine that's going around (5)
8 Sort who appears on box to transmit message? (8)
11 Shows preference for work on the way up (4)
15 Broken rib enough for nearby resident (9)
17 Two areas in the house for audience, one with troublesome joints (9)
18 Foreigner's hat is drab and middlebrow (8)
20 Boast about what one wears (4)
21 Failure has gone off taking umbrage (7)
22 Drinking vessel for small mouth, some might say? (6)
24 Leading newspaperman drank heavily (5)
25 Church accepts one sort of fabric for another (5)

Solution 8,682



INTERNATIONAL CAPITAL MARKETS

Treasuries fall before long-bond auction

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices fell across the maturity range yesterday morning as traders made room for an afternoon long-bond auction and reacted to stronger-than-expected economic data.

At midday, the benchmark 30-year Treasury bond was down $\frac{15}{32}$ at 97¾ to yield 7.676 per cent. At the short end, the two-year note fell $\frac{1}{16}$ to 100$\frac{5}{16}$, yielding 7.170 per cent.

The afternoon auction of $11bn in 30-year bonds was to be the third part of the Treasury department refunding operation. Demand was reasonable at Tuesday's auction of three-year notes and somewhat lower at Wednesday's sale of 10-year paper.

There were concerns in the market about the long bond auction because of growing uncertainty about potential inflation, especially with producer price figures not due out until today. Economists were predicting a 0.4 per cent increase in the index of producer prices compared to the 0.2 per cent growth shown in December.

Inflation is damaging to the long bond because it tends to erode the value of longer term securities.

Adding to inflation worries was a lower-than-expected number of people filing their first claim for unemployment

GOVERNMENT BONDS

benefits. Although the Labour department's weekly report of initial unemployment claims is not generally given much importance by the market, signs of increasing employment added pressure to the bond market in the absence of more substantial news.

Initial unemployment claims dropped by 8,000 to 318,000 last week from 327,000 the previous week. Economists had estimated that closer to 325,000 people would seek such benefits.

Another factor putting pressure on Treasuries was the slipping dollar. In morning trading the dollar fell against the Japanese yen and the D-Mark, which hurts bonds by putting foreign investors off US instruments.

■ European government bond markets advanced strongly yesterday, lead by Germany, before falling back on weakness in US Treasuries.

Dealers reported growing optimism among European investors about a slowdown in US economic growth and a peak in US interest rates.

Mr Steve Major, head of bond research at Crédit Lyonnais in Paris, said: "More and more investors think we have reached an important turning point, although the rally will be cautious."

However, Mr George Magnus, chief economist at S.G. Warburg in London, said: "Europe is shadowing the US and if the US turns back, Europe could give up a lot of its recent gains."

■ Reports that the Bundesbank intends to wind down the issuance of five-year bonds provided early support for the German government bond market, causing a further steepening of the yield curve between the five and 10-year areas.

The yield spread between the five-year Bobl on DTB and 10-year bund on Liffe widened to 42 basis points, a 7 basis point rise from earlier in the week.

Weak consumer price inflation data also provided a boost to the market. "These figures show there is no need for an early rise in interest rates by the Bundesbank," said Mr Nick Stamenkovic, at DKB, an investment bank, in London.

The March bund futures contract on Liffe rose to 91.10 before falling back to 90.88, up 0.07 on Wednesday's close.

Uncertainty surrounding the current round of wage talks contributed to the decline in later trading, dealers said.

However, Mr Holger Fahrinkrug, economist at UBS in Frankfurt, said: "The outcome of the wage talks is unlikely to be inflationary since the union's position is relatively weaker because of high unemployment."

The yield spread below US Treasuries fell to 34 from 28 in morning trading.

■ The French bond market performed strongly, with futures holding on to much of their early gains.

The March futures contract on Matif settled up 0.16 at 112.42. In the cash market, the yield premium over bunds remained largely unchanged at 58 basis points.

Dealers said many investors were beginning to move along the yield curve, switching from two and three-year maturities into the five-year area.

"This is a bullish sign," said one dealer, "especially since they are prepared to buy five-year ahead of next week's auction of two and five-year stock." A more stable French franc also supported prices, dealers said.

■ UK government bonds rose then fell back in quiet trading conditions as they tracked other markets.

In late trading, the long gilt future on Liffe was up $\frac{1}{32}$ at 102$\frac{22}{32}$.

● The Portuguese Treasury announced that it is to exempt non-residents from payment of withholding tax on new treasury bonds issued and on the three most recently issued series of treasury bonds, Reuters reports.

Loan for Portugal attracts DM8.4bn

By Martin Brice

The DM3bn loan for Portugal has been almost three times subscribed, with international banks willing to lend it DM8.4bn.

The five-year revolving credit has not been increased. It was launched less than two weeks ago by the six co-arrangers and has attracted an additional 22 banks as underwriting lead managers. The underwriting commitment has been cut back from the original DM300m a bank to about DM107m.

The loan is likely to set a benchmark for sovereign borrowers in the international credits market. It has been priced with a facility fee of 3.75 basis points and a margin of 4 basis points over Libor on the funds Portugal uses, making the cost of the funds 7.75 basis points over Libor. A loan for Sweden arranged before Christmas was priced at 8 basis points over Libor and the warm response for the Portugal deal suggests banks' appetite for zero-weighted loans to sovereign borrowers is undiminished, even at wafer-thin prices.

The loan was launched into general syndication yesterday and syndication is to close on February 24.

Banks are being invited into the loan as managers at DM75m, co-managers at DM50m and participants at DM25m.

Banks arranging the loan are Banco Comercial Português, Banco de Fomento e Exterior, Chemical Bank, the Industrial Bank of Japan, NatWest Markets, and Swiss Bank Corporation.

Joint book-runners are NatWest and Chemical, which is also facility agent. IBJ is co-ordinator for Japan and SBC is documentation agent.

Copper price fall hits Peruvian IPO

By Conner Middelmann

An initial public offering for the Southern Peru Copper Corporation yesterday fell victim to the recent drop in commodity prices which has sent prices of copper and copper-related stocks tumbling sharply.

The company's planned share offering, which was to have been priced yesterday, was postponed indefinitely due to difficult conditions in commodity markets, said lead manager CS First Boston.

The decision came only a day after the terms of the deal had been scaled back; on Wednesday, the planned issue size was reduced to 10m shares from the original 13m, and the target price range was lowered to $13-$15 a share from the initially indicated $15-$18.

The precarious regional backdrop – including recent tensions between Peru and Ecuador and nervousness in Latin American markets following the Mexican currency crisis – reinforced the sellers' decision to put the issue off.

In Europe, the sale of 1.6m shares in Mapfre Vida, a leading Spanish life insurer, by its parent Corporación Mapfre received a warm welcome. The shares were priced at Pta5,450 each, slightly below Wednesday's close of Pta5,520. The international tranche – 39 per cent of the issue – was more than five times oversubscribed.

"The success of this issue signals the reopening of the Spanish new issues market," said Mr Hank Erbe, equity syndicate manager at Lehman Brothers, which were joint lead managers with BBV of Spain. "The depth and the breadth of the institutional placement are a vote of confidence both for the company and the Spanish market."

Meanwhile, the French economics ministry announced that the institutional tranche in the privatisation of Seita, the state-owned tobacco monopoly, was 9.2 times oversubscribed.

Bookbuilding for domestic and foreign institutional orders for 13.3m shares in Seita ended on Tuesday. Another 13.3m shares are being offered to French private investors. If retail demand significantly surpasses that amount, up to 20 per cent of the institutional tranche can be clawed back to meet private investor demand. The government this week set a price of FFr133 a share for the institutional tranche and FFr126 for the retail tranche.

Freddie Mac to raise $15bn

The Federal Home Loan Mortgage Corporation, the US government mortgage agency better known as Freddie Mac, is to raise $15bn on international capital markets, writes Martin Brice.

The first issue from the programme will be in the second quarter of this year.

The move suggests an extension of the global market for callable bonds spearheaded by other US government agencies.

It is also a coup for Lehman Brothers, which is to arrange the global debt facility. Lehman is already the co-arranger for the global debt facilities for the Federal Home Loan Bank, and for the $20bn global debt programme of the US Federal National Mortgage Association (Fannie Mae).

Much of the debt issued by US mortgage agencies is callable, which means the bonds can be redeemed by the borrower at an agreed point before their maturity date.

US mortgage agencies are seeking to extend the market for callable bonds beyond the US domestic market where they have issued much of their debt.

EIB raises $500m with two-tranche deal

By Martin Brice

The European Investment Bank brought a two-tranche deal to the euromarkets yesterday. It raised $500m in deals handled by HSBC.

HSBC said the deals were aimed at different investors. The $200m two-year with a coupon of 7⅜ per cent was targeted at retail investors, who gave the deal a warm reception. That deal came at 10 basis points over the comparable Treasury and was sold out yesterday, said HSBC.

The $300m five-year deal carried a coupon of 7⅝ per cent. It came at 15 basis points over the comparable Treasury and was sold to institutions on the European continent and in the UK, as well as retail investors in the Benelux region, said HSBC.

INTERNATIONAL BONDS

Abbey National, the UK bank, visited the euro-franc market for the fifth time, raising FFr3bn with a 21-month deal carrying a 7 per cent coupon. Bookrunner was CCF, which also handled a FFr1bn deal for Abbey in 1993.

CCF said: "At the short end there is huge demand in the franc market." It said 75 per cent of the deal was sold in the first few hours, mostly to institutions in the Benelux region, Germany and France.

Elsewhere in the euro-franc sector, the A1 rated Spanish regional government of Catalonia is believed to be planning an issue within the next two weeks with a FFr1.5bn deal in the eight or 10-year maturity.

HSBC was also in the £100m deal for Merrill Lynch, being joint bookrunner with Merrill itself. The five-year bonds carried a coupon of 9¼ per cent, and came at 67 basis points over the comparable gilt.

Demand was from UK institutions, with some off-shore US funds, and retail investors in the Benelux region. Merrill was planning some overnight sales to Tokyo.

Standard Credit Card Master Trust brought a $625m deal via Citibank.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
SCCMT 1995-3(a)	625	7.65#	99.86R	Feb.2000	-	+43(7¾%-00)	Citibank
EIB, Tranche 1(b)	200	7.375	99.97R	Mar.1997	0.125R	+10(7¼%-97)	HSBC Markets
EIB, Tranche 2	300	7.625	99.585R	Mar.2000	0.25R	+15(7¾%-00)	HSBC Markets
STERLING							
Merrill Lynch & Co.	100	9.25	99.814R	Mar.2000	0.30R	+67(8%-00)	HSBC/ Merrill Lynch Intl.
FRENCH FRANCS							
Abbey Natl.Treas.Services(c)	3bn	7.00	99.91R	Dec.1996	0.15R	+20(8¼%-96)	CCF

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Standard Credit Card Master Trust. Legal maturity: Feb.02. a1) Priced later at 43-45bp over Treasuries. b) Long last coupon. c) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.9800	-0.110	10.16	10.23	10.06
Austria		7.500	01/05	99.2200	+0.020	7.61	7.75	7.69
Belgium		7.750	10/04	96.8800	-0.050	8.22	8.33	8.42
Canada *		9.000	12/04	100.4500	-0.060	8.93	9.28	9.08
Denmark		7.000	12/04	88.2500	-0.020	8.83	8.94	9.12
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	96.8400	-0.020	7.96	8.11	8.23
Germany Bund		7.375	01/05	100.0500	+0.080	7.36	7.47	7.65
Ireland		8.250	10/04	84.1000	+0.050	8.79†	8.79	8.98
Italy		8.500	01/05	86.5300	-0.090	11.85	12.00	12.06
Japan	No 119	4.800	06/99	103.2910	+0.234	3.93	4.04	3.84
	No 164	4.100	12/03	96.6430	+0.092	4.64	4.71	4.59
Netherlands		7.250	10/04	98.1500	+0.070	7.52	7.63	7.77
Portugal		8.875	01/04	83.3000	-1.200	11.65	11.64	11.83
Spain		10.000	02/05	90.9600	+0.120	11.49	11.73	11.77
Sweden		6.000	02/05	72.0900	+0.290	10.88	10.89	10.97
UK Gilts		8.000	06/99	91-02	-	8.44	8.51	8.65
		8.500	12/05	100-05	+2/32	8.48	8.57	8.71
		8.000	10/08	104-07	+2/32	8.47	8.53	8.67
US Treasury *		7.875	11/04	102-08	-5/32	7.54	7.68	7.79
		7.500	11/24	97-29	-13/32	7.68	7.77	7.84
ECU (French Govt)		6.000	04/04	85.2100	+0.160	8.36	8.54	8.64

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	9	One month	5.88	Two year	7.18
Broker loan rate	6½	Two month	6.00	Three year	7.36
Fed.funds	5$\frac{11}{16}$	Three month	5.94	Five year	7.44
Fed.funds at intervention	-	Six month	6.34	10-year	7.54
		One year	6.74	30-year	7.66

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	112.24	112.42	+0.16	112.60	112.12	146,640	142,816
Jun	111.32	111.54	+0.16	111.68	111.28	3,673	8,596
Sep	110.60	110.82	+0.16	110.60	110.60	2	1,657

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
109	-	-	-	0.02	0.55	1.13
110	2.42	-	-	0.03	0.80	1.50
111	1.50	1.64	-	0.10	1.13	-
112	0.71	1.12	-	0.30	-	-
113	0.21	0.67	-	0.80	-	-

Est. vol. total, Calls 28,076 Puts 27,745. Previous day's open int., Calls N/A Puts N/A.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.74	90.82	+0.11	91.12	90.66	133660	217430
Jun	90.17	90.34	+0.09	90.45	90.13	2463	9396

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
9050	0.61	0.69	0.79	0.94	0.16	0.75	0.95	1.10
9100	0.32	0.40	0.59	0.72	0.40	1.06	1.24	1.38
9150	0.14	0.26	0.42	0.54	0.72	1.42	1.58	1.70

Est. vol. total, Calls 19698 Puts 8426. Previous day's open int., Calls 211285 Puts 162998

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.53	100.64	-	100.79	100.36	30831	64943
Jun	99.60	99.71	-0.05	99.84	99.60	261	1400

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.54	1.39	0.40	2.16
10100	0.30	1.16	0.66	2.45
10150	0.15	0.96	1.01	2.75

Est. vol. total, Calls 2276 Puts 979. Previous day's open int., Calls 30979 Puts 28915

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	85.20	85.53	+0.18	85.69	85.07	58,907	46,857
Jun	85.20	85.10	+0.27	85.25	85.20	70	871

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	102-12	102-16	+0-03	102-24	102-11	38591	97083
Jun	102-27	102-21	+0-02	102-26	102-21	180	2584

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
102	0-53	2-04	0-21	1-28
103	0-20	1-34	0-52	1-56
104	0-06	1-06	1-38	2-28

Est. vol. total, Calls 3898 Puts 6721. Previous day's open int., Calls 52928 Puts 55463

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	82.14	82.30	+0.16	82.48	82.06	2,949	7,126
Jun	81.86	82.06	+0.16	82.22	81.86	620	700

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	102-08	102-06	-0-02	102-12	102-02	250,074	350,054
Jun	101-26	101-22	-0-01	101-26	101-16	5,321	38,222
Sep	101-08	101-08	-	101-08	101-08	1,554	5,961

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	108.66			108.71	108.66	1639	0
Jun	107.99			108.00	107.99	279	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Feb 9	Day's change %	Wed Feb 8	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	118.43	+0.02	118.40	1.80	1.40
2 5-15 years (22)	140.63	+0.14	140.43	1.93	1.59
3 Over 15 years (9)	156.85	+0.20	156.56	1.02	2.96
4 Irredeemables (6)	180.81	+0.22	180.42	2.84	0.00
5 All stocks (60)	137.37	+0.11	137.22	1.77	1.74
Index-linked					
6 Up to 5 years (2)	188.96	+0.02	188.92	0.38	1.45
7 Over 5 years (11)	174.91	+0.02	174.88	0.74	0.59
8 All stocks (13)	175.47	+0.02	175.44	0.70	0.66

	Low coupon yield Feb 9	Feb 8	Yr. ago	Medium coupon yield Feb 9	Feb 8	Yr. ago	High coupon yield Feb 9	Feb 8	Yr. ago
5 yrs	8.46	8.46	5.94	8.48	8.48	6.20	8.64	8.67	6.29
15 yrs	8.37	8.39	6.77	8.49	8.50	6.86	8.69	8.73	7.03
20 yrs	8.34	8.38	6.84	8.49	8.50	6.85	8.60	8.60	7.04
Irred.†	8.40	8.42	6.90						

	Inflation 5% Feb 9	Feb 8	Yr. ago	Inflation 10% Feb 9	Feb 8	Yr. ago
Up to 5 yrs	3.72	3.72	2.35	2.47	2.47	1.51
Over 5 yrs	3.87	3.87	3.06	3.69	3.68	2.89

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 9	Feb 8	Feb 7	Feb 6	Feb 3	Yr ago	High*	Low*
Govt. Secs. (UK)	91.77	91.80	92.12	91.37	91.23	104.16	107.04	89.54
Fixed Interest	110.47	110.45	109.74	109.57	109.58	128.36	233.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Feb 8	Feb 7	Feb 6	Feb 3	Feb 2
Gilt Edged bargains	98.1	96.4	81.7	94.5	102.6
5-day average	94.7	92.5	92.7	95.6	97.8

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	1994/95 High	1994/95 Low
Shorts" (Lives up to Five Years)						
Exch 3pc Gas 1990-95	3.02	6.18	99$\frac{5}{16}$	—	103¼	97¼
10¼pc 1995	10.09	6.73	101$\frac{9}{16}$	—	107$\frac{11}{16}$	101$\frac{9}{16}$
Treas 12¾pc 1995‡‡	12.22	6.81	104⅛	—	113⅝	104⅛
14pc 1996	13.17	7.06	106$\frac{5}{16}$	—	117$\frac{1}{16}$	106$\frac{5}{16}$
15¼pc 1996‡‡	13.97	7.36	109⅛	—	121$\frac{13}{16}$	109⅛
[illegible]						
Conversion 9½pc 2004	8.97	8.50	105$\frac{15}{16}$	+$\frac{1}{16}$	125$\frac{3}{16}$	101$\frac{11}{16}$
Treas 6¾pc 2004‡‡	7.62	8.46	88⅝	+⅛	105⅛	84$\frac{13}{16}$
8½pc 2005	8.48	8.46	100$\frac{1}{16}$	+⅛	100$\frac{13}{16}$	97
Conv 9½pc 2005	5.94	5.88	106$\frac{5}{16}$	+⅛	125½	102⅛
Treas 12½pc 2003-5	10.23	8.83	122$\frac{3}{16}$	+$\frac{1}{16}$	140$\frac{3}{16}$	118⅞
7¾pc 2006‡‡	8.18	8.47	94$\frac{13}{16}$xd	+$\frac{1}{16}$	112$\frac{13}{16}$	90⅞
[illegible]						

Index-Linked Notes	(1)	(2)	Price £	+ or –	1994/95 High	1994/95 Low
2pc '96 (67.9)	2.10	3.73	204$\frac{1}{16}$xd	+$\frac{1}{16}$	204$\frac{1}{16}$	197$\frac{15}{16}$
4⅝pc '98‡‡ (135.6)	2.30	3.65	107$\frac{15}{16}$	—	113$\frac{3}{16}$	106¾
2½pc '01 (78.3)	3.40	3.82	167¼	+$\frac{1}{16}$	176⅜	163½
2½pc '03 (78.8)	3.50	3.85	163¼	+$\frac{1}{16}$	175⅝	159$\frac{3}{16}$
4⅜pc '04‡‡ (135.6)	3.52	3.82	109$\frac{3}{16}$	+$\frac{1}{16}$	118⅝	107¼
[illegible]						

Other Fixed Interest

[illegible]

• "Tap" stock. xd Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 9

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	89⅞	90⅛	-⅛	8.23
Alberta Province 7⅝ 00	1000	99¼	99½	-⅛	7.80
Austria 8½ 00	400	102¾	103		7.81
Bank Ned Gemeenten 7 99	1000	97⅜	97½	+⅛	7.69
Bank of Tokyo 8⅛ 96	100	100¾	101⅛		7.63
Belgium 5½ 98	1000	84½	84¾		8.10
[illegible]					
United Kingdom 7¼ 97	5500	101⅛	101½	-⅛	6.54
Volkswagen Intl Fin 7 03	1000	95⅛	95⅜	+⅛	7.81
World Bank 0 15	2000	22¾	23½	-¼	7.35
World Bank 5⅞ 03	3000	89⅛	89½	-⅛	7.57
World Bank 8⅞ 00	1250	110¼	113		6.36
SWISS FRANC STRAIGHTS					
[illegible]					
Abbey Natl Treasury 8 03 £	1000	93⅛	93¼	+⅛	9.23
Alliance Leics 11⅜ 97 £	100	105¼	105⅝		8.66
British Land 8⅞ 23 £	150	90⅝	90¾	+⅛	10.13
Denmark 6¼ 98 £	800	94	94¼		8.77
EIB 8 00 £	1000	94⅝	94⅞		8.93
Halifax 10⅜ 97 £	100	103¾	103⅝	-⅛	8.58
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CURRENCIES AND MONEY

MARKETS REPORT

UK politics continue to depress sterling sentiment

Sterling performed steadily yesterday, but its vulnerability to political uncertainty continued to dominate market attention, *writes Philip Gawith.*

The pound traded in a fairly narrow range against both the D-Mark and dollar, finishing in London at DM2.3787, from DM2.3778, and \$1.5557, from \$1.5529.

Analysts are split about the outlook for the pound, although current market opinion is clearly on the pessimistic side.

The dollar continued in its recent narrow range, finishing little changed at DM1.5291 and Y98.855.

Elsewhere in the dollar bloc, the Australian dollar continued to weaken. It fell to around 74.15 US cents in Asian trading, before recovering to finish at 74.45 cents.

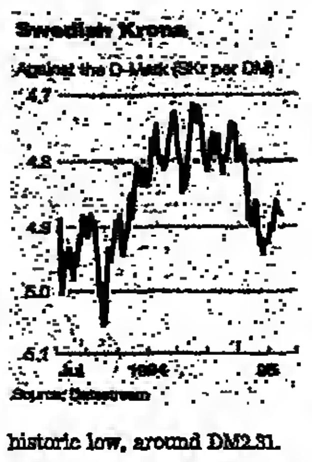
Trade in the Swedish krona was fairly srratic after the Riksbank raised interest rates. It appreciated from a high of SKr4.8835 against the D-Mark, to SKr4.8610, before sinking back to finish at SKr4.882. The central repo rate was raised by 20 basis points to 7.8 per cent, while the deposit (floor) and lending (ceiling) rates were raised by 50 basis points, respectively to 6.5 and 8.5 per cent.

As a general observation, analysts said market turnover was currently fairly quiet. They said traders were reluctant to establish fresh positions, preferring to take profits on moves that took place in January.

■ Market observers offer differing views about sterling's current plight. Some sense a buying opportunity, others report evidence of two-way trade, while still others say there is now evidence of selling pressure emerging from institutions.

Mr Neil MacKinnon, chief economist at Citibank in London, said that until about two weeks ago, institutions had been running long sterling positions against the D-Mark. "The problem was that they were not seeing any benefit." The unwinding of their positions has contributed to sterling weakness.

Analysts agree that political instability, aggravated by the feeling that UK interest rates may be on hold for some time, explain current weakness. Mr Michael Smolek, trader at Effex, a foreign exchange trading company in London, commented: "The underlying feeling is that you don't want to be invested in a country where the Labour party might get in charge. Otherwise there is no problem with sterling." Mr MacKinnon predicted that if sterling breached the DM2.37 level, it could fall as far as its historic low, around DM2.31.



■ Two issues have combined to unseat the previously strong Australian dollar - investor disappointment that monetary policy was not tightened this week, and the sharp downturn in world commodity prices. Australia is a large commodity producer, so the dollar has tended to track commodity prices quite closely.

Mr Tim Stewart, currency strategist at Morgan Stanley in London, said the decision not to raise rates should be seen in the context of Canadian and US rates rising, and New Zealand indicating that it needed to tighten policy further.

This left Australia as the "odd man out", disappointing foreign investors, who are large holders of Australian bonds, in the process.

Mr Stewart said the "big move" in the dollar was probably over, unless there was further deterioration in commodity prices. He said he had lowered his forecast trading range for the dollar to 73.5-78 US cents, from 76-81 before the recent fall.

■ The Mexican peso lost ground to finish at 5.565 pesos against the dollar, from 5.345. The previous ten days had seen it recover from a low around 6.5 pesos, before the announcement of an international support package for Mexico.

Mr Miguel Mancera, the central bank governor, said the floating exchange rate regime would be kept for the time being. He said "scarcity of reserves" and "uncertainty" prevented any alternative route. He indicated that monetary policy would be tightened if the peso traded steadily lower.

■ The Bank of England provided UK money markets with £580m late assistance. Earlier it had provided £668m liquidity, at the established rate of 6⅛ per cent, after forecasting a £1.25bn shortage. Three month money remained at 6⅞ per cent, the same as the base rate.

■ **Pound in New York**

Feb 9	— Latest —	— Prev. close —
£ spot	1.5580	1.5530
1 mth	1.5584	1.5524
3 mth	1.5572	1.5513
1 yr	1.5507	1.5446

■ **OTHER CURRENCIES**

Feb 9	£	$
Hungary	177.284 - 177.497	113.980 - 114.080
Iran	2728.00 - 2729.00	1749.00 - 1750.00
Kuwait	0.4649 - 0.4655	0.2989 - 0.2992
Poland	3.8092 - 3.8127	2.4490 - 2.4505
Russia	6502.82 - 6507.49	4180.00 - 4183.00
UAE	5.7124 - 5.7150	3.6726 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Feb 9		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.7466	+0.0009	400 - 532	16.7889	16.7115	16.7341	0.9	16.7004	1.1	-	-	105.5
Belgium	(BFr)	48.9252	-0.0292	018 - 486	49.1070	48.8670	48.8752	1.2	48.7802	1.3	48.3002	1.3	107.3
Denmark	(DKr)	9.3651	+0.0096	612 - 689	9.3763	9.3481	9.3593	0.7	9.3479	0.7	9.3104	0.6	106.8
Finland	(FM)	7.3443	+0.0087	373 - 518	7.3620	7.3380	-	-	-	-	-	-	84.3
France	(FFr)	8.2337	+0.0087	312 - 362	8.2419	8.2148	8.2266	1.0	8.2137	1.0	8.1439	1.1	107.3
Germany	(DM)	2.3787	+0.0009	776 - 797	2.3858	2.3743	2.3758	1.5	2.369	1.8	2.3345	1.9	109.2
Greece	(Dr)	371.995	+0.618	896 - 094	372.939	369.402	-	-	-	-	-	-	68.2
Ireland	(I£)	1.0033	-0.0025	026 - 039	1.0074	1.0018	1.003	0.4	1.0028	0.2	1.0013	0.2	97.4
Italy	(L)	2517.04	+9.09	508 - 900	2519.00	2505.43	2520.54	-1.7	2530.14	-2.1	2574.59	-2.3	73.4
Luxembourg	(LFr)	48.9252	-0.0292	019 - 486	49.1070	48.8670	48.8752	1.2	48.7802	1.3	48.3002	1.3	107.3
Netherlands	(Fl)	2.6662	+0.0004	650 - 674	2.6701	2.6620	2.663	1.4	2.6555	1.6	2.62	1.7	107.1
Norway	(NKr)	10.4081	+0.0052	041 - 121	10.4295	10.3925	10.4069	0.1	10.405	0.1	10.3966	0.1	98.2
Portugal	(Es)	245.248	+0.107	131 - 365	245.445	244.833	245.848	-2.9	247.498	-3.7	-	-	95.8
Spain	(Pta)	204.739	+0.269	628 - 850	205.022	204.312	205.039	-1.8	205.839	-2.1	209.694	-2.4	79.6
Sweden	(SKr)	11.6074	+0.0292	977 - 170	11.6818	11.5779	11.6189	-1.2	11.6449	-1.3	11.7554	-1.3	80.9
Switzerland	(SFr)	2.0119	+0.0009	111 - 126	2.0170	2.0091	2.0075	2.6	1.9979	2.8	1.9522	3.0	108.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.4
Ecu	-	1.2611	+0.0015	606 - 615	1.2621	1.2583	1.2605	0.6	1.2592	0.8	1.2533	0.6	-
SDR†	-	0.944650	-	-1	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5553	+0.0023	549 - 556	1.5575	1.5528	-	-	-	-	-	-	-
Brazil	(Cr)	1.2967	-	941 - 992	1.2990	1.2946	-	-	-	-	-	-	-
Canada	(C$)	2.1760	+0.0074	752 - 767	2.1774	2.1684	2.1784	-1.3	2.1837	-1.4	2.1986	-0.9	82.1
Mexico	(New Peso)	8.6572	+0.3569	169 - 975	8.6975	8.3943	-	-	-	-	-	-	-
USA	($)	1.5557	+0.0028	554 - 559	1.5575	1.5526	1.5551	0.5	1.5539	0.5	1.5475	0.5	95.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0897	+0.004	886 - 907	2.0910	2.0886	2.0917	-1.1	2.0971	-1.4	2.1292	-1.9	86.4
Hong Kong	(HK$)	12.0272	+0.0214	245 - 299	12.0403	12.0058	12.0262	0.1	12.0527	-0.8	11.9525	0.6	-
India	(Rs)	48.8027	+0.096	890 - 164	48.8680	48.7130	-	-	-	-	-	-	-
Israel	(Shk)	4.7026	+0.0057	979 - 072	4.7072	4.6962	-	-	-	-	-	-	-
Japan	(Y)	153.784	+0.319	720 - 847	154.250	153.350	153.254	4.1	152.099	4.4	146.224	4.9	148.2
Malaysia	(M$)	3.9638	+0.0031	624 - 652	3.9784	3.9573	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4586	-0.0057	572 - 599	2.4699	2.4572	2.4619	-1.6	2.4721	-2.2	2.5058	-1.9	96.4
Philippines	(Peso)	38.5490	+0.1923	650 - 330	38.5511	38.5170	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8342	+0.0104	329 - 354	5.8408	5.8229	-	-	-	-	-	-	-
Singapore	(S$)	2.2620	+0.0014	608 - 631	2.2633	2.2575	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5236	+0.0075	217 - 256	5.5316	5.5109	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.2304	+0.0809	138 - 469	6.2240	6.1617	-	-	-	-	-	-	-
South Korea	(Won)	1231.06	+3.1	078 - 134	1232.45	1227.38	-	-	-	-	-	-	-
Taiwan	(T$)	40.8889	+0.0896	684 - 093	40.9436	40.8065	-	-	-	-	-	-	-
Thailand	(Bt)	39.0002	+0.0767	783 - 220	39.0310	38.9290	-	-	-	-	-	-	-

†SDR rates for Feb 8. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 9		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.7650	-0.0185	625 - 675	10.7805	10.7480	10.7575	0.8	10.7378	1.0	10.605	1.5	105.2
Belgium	(BFr)	31.4500	-0.0745	400 - 600	31.5880	31.4200	31.4275	0.9	31.375	1.0	31.155	0.9	107.0
Denmark	(DKr)	6.0200	-0.0045	185 - 215	6.0281	6.0089	6.0182	0.3	6.015	0.3	6.005	0.2	105.8
Finland	(FM)	4.7211	-0.0027	173 - 248	4.7345	4.7173	4.7184	0.7	4.7141	0.6	4.7036	0.4	83.3
France	(FFr)	5.2928	-0.0037	920 - 935	5.2985	5.2815	5.2902	0.6	5.2862	0.5	5.2653	0.5	106.7
Germany	(DM)	1.5291	-0.0021	288 - 295	1.5329	1.5268	1.5278	1.0	1.5248	1.2	1.5086	1.3	108.3
Greece	(Dr)	239.125	-0.025	100 - 150	239.880	231.350	242.125	-15.1	246.875	-13.0	259.275	-8.4	68.2
Ireland	(I£)	1.5506	+0.0068	498 - 518	1.5535	1.5445	1.5508	-0.1	1.5504	0.1	1.5498	0.1	-
Italy	(L)	1618.00	+2.95	700 - 900	1619.00	1612.88	1620.75	-2.0	1627.8	-2.4	1660	-2.6	73.1
Luxembourg	(LFr)	31.4500	-0.0745	400 - 600	31.5880	31.4200	31.4275	0.9	31.375	1.0	31.155	0.9	107.0
Netherlands	(Fl)	1.7139	-0.0028	134 - 144	1.7172	1.7112	1.7125	1.0	1.7088	1.2	1.6902	1.4	106.9
Norway	(NKr)	6.6905	-0.0085	890 - 920	6.7019	6.6835	6.6883	0.6	6.68	0.6	6.638	0.8	97.0
Portugal	(Es)	157.650	-0.21	600 - 700	157.760	157.490	158.035	-2.9	159.065	-3.6	163.605	-3.7	95.5
Spain	(Pta)	131.610	-0.06	560 - 660	131.760	131.360	131.84	-2.1	132.43	-2.5	135.205	-2.7	79.0
Sweden	(SKr)	7.4614	+0.0055	564 - 664	7.4753	7.4435	7.4712	-1.6	7.4924	-1.7	7.5804	-1.6	80.4
Switzerland	(SFr)	1.2933	-0.0017	930 - 935	1.2978	1.2917	1.2907	2.4	1.2858	2.3	1.2595	2.6	107.6
UK	(£)	1.5557	+0.0028	554 - 559	1.5575	1.5526	1.5551	0.5	1.5539	0.5	1.5475	0.6	86.9
Ecu	-	1.2337	+0.0008	334 - 339	1.2356	1.2321	1.2339	-0.2	1.2344	-0.2	1.2373	-0.3	-
SDR†	-	1.46468	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9998	-0.0003	997 - 998	0.9997	0.9998	-	-	-	-	-	-	-
Brazil	(Cr)	0.8335	-0.0015	320 - 350	0.8350	0.8320	-	-	-	-	-	-	-
Canada	(C$)	1.3988	+0.0029	985 - 990	1.3991	1.3955	1.4007	-1.7	1.405	-1.8	1.4185	-1.3	81.5
Mexico	(New Peso)	5.5650	+0.22	400 - 900	5.5900	5.5400	5.5658	-0.2	5.5683	-0.1	5.5676	0.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.7
Pacific/Middle East/Africa													
Australia	(A$)	1.3432	+0.0002	428 - 437	1.3454	1.3425	1.345	-1.7	1.3498	-1.9	1.3744	-2.3	87.8
Hong Kong	(HK$)	7.7313	+0.0001	308 - 318	7.7323	7.7308	7.7325	-0.2	7.7335	-0.1	7.7383	-0.1	-
India	(Rs)	31.3718	+0.0083	675 - 750	31.3750	31.3675	31.4513	-3.1	31.6963	-4.1	-	-	-
Israel	(Shk)	3.0228	-0.0017	204 - 254	3.0231	3.0204	-	-	-	-	-	-	-
Japan	(Y)	98.8550	+0.08	300 - 800	99.1300	98.6800	98.585	3.5	97.865	4.0	94.33	4.6	146.6
Malaysia	(M$)	2.5480	-0.0025	475 - 485	2.5585	2.5470	2.546	0.9	2.5415	1.0	2.5255	0.9	-
New Zealand	(NZ$)	1.5803	-0.0065	796 - 810	1.5826	1.5794	1.583	-2.1	1.5906	-2.6	1.6173	-2.3	-
Philippines	(Peso)	24.7800	+0.08	300 - 300	24.8300	24.7300	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-	501 - 505	3.7503	3.7504	3.7529	-0.8	3.7582	-0.8	3.7678	-0.5	-
Singapore	(S$)	1.4540	-0.0017	535 - 545	1.4550	1.4525	1.449	4.1	1.4437	2.8	1.4203	2.3	-
S Africa (Com.)	(R)	3.5508	-0.0018	500 - 515	3.5698	3.5440	3.5668	-5.1	3.5968	-5.2	3.7528	-5.7	-
S Africa (Fin.)	(R)	4.0050	+0.045	950 - 150	4.0150	3.9800	4.0325	-8.2	4.0825	-7.7	4.315	-7.7	-
South Korea	(Won)	791.350	+0.5	300 - 400	791.500	790.200	794.35	-4.5	797.85	-3.3	816.35	-3.2	-
Taiwan	(T$)	26.2905	-0.0018	880 - 930	26.2930	26.2800	26.3105	-0.9	26.3505	-0.9	-	-	-
Thailand	(Bt)	25.0700	+0.005	600 - 800	25.0800	25.0600	25.0825	-0.6	25.0865	-0.4	25.1225	-0.2	-

†SDR rate for Feb 8. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 8. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

February 9	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	5⅛	5⅜	5⅝	6¼	7.40	4.50	-
week ago	4⅞	[illegible]	[illegible]	[illegible]	6¼	7.40	4.50	-
France	[illegible]	5½	5⅝	6	6⅜	5.00	-	6.40
week ago	[illegible]	5½	[illegible]	[illegible]	[illegible]	5.00	-	6.40
Germany	4.93	4.95	5.05	5.25	5.70	6.00	4.50	4.85
week ago	4.98	4.95	5.05	5.25	5.70	6.00	4.50	4.85
Ireland	[illegible]	5⅞	6⅛	[illegible]	7⅝	-	-	6.25
week ago	[illegible]	[illegible]	6¼	[illegible]	7⅝	-	-	6.25
Italy	8⅝	[illegible]	8⅝	[illegible]	10	-	7.50	8.20
week ago	8⅝	[illegible]	8⅞	[illegible]	[illegible]	-	7.50	8.20
Netherlands	4.94	5.00	5.08	5.27	5.75	-	5.25	-
week ago	4.84	5.00	5.13	5.33	5.82	-	5.25	-
Switzerland	3½	3¾	[illegible]	[illegible]	[illegible]	6.625	3.50	-
week ago	3⅞	3¾	4	[illegible]	[illegible]	6.625	3.50	-
US	6	[illegible]	6¼	6⅝	7⅛	-	5.25	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.25	-
Japan	[illegible]	[illegible]	2¼	2⅜	[illegible]	-	1.75	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	6¼	[illegible]	7⅛	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.91	6.03	6.29	6.87	-	-	-
week ago	-	5.91	6.15	6.49	7.19	-	-	-
SDR Linked Ds	-	4.625	4.812	5.125	5.687	-	-	-
week ago	-	4.625	4.912	5.125	5.687	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: [illegible]; 6 mths: [illegible]; 1 year: [illegible]. $ LIBOR interbank fixing rates are offered rates for \$10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 9	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5⅛ - 5	5⅛ - 5	5¼ - 5⅛	[illegible]	[illegible]	6⅛ - 6¼
Danish Krone	5¼ - 5	5¾ - 6½	5⅞ - 5⅝	6¼ - 6	6¼ - 6⅝	[illegible]
D-Mark	5 - 4⅞	[illegible]	5 - 4⅞	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	5⅜ - 5¼	[illegible]	5½ - 5⅜	[illegible]	6 - 5⅞	[illegible]
Portuguese Esc.	8¾ - 9½	9 - 8½	9¼ - [illegible]	[illegible]	10⅛ - 10⅛	11 - 10⅝
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10 - 9⅞
Sterling	6¾ - 6¼	[illegible]	[illegible]	[illegible]	7¼ - [illegible]	7¾ - 7⅝
Swiss Franc	3½ - 3⅜	[illegible]	[illegible]	[illegible]	[illegible]	4½ - 4⅜
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	8⅛ - 8	8⅜ - 8¼
US Dollar	[illegible]	[illegible]	6⅛ - 6	[illegible]	[illegible]	[illegible]
Italian Lira	8 - 7½	[illegible]	[illegible]	8¼ - 8⅛	9¼ - 9⅛	10 - 9⅞
Yen	2¼ - 2⅛	2¼ - 2⅛	2¼ - 2⅛	[illegible]	[illegible]	2½ - [illegible]
Asian $Sing	3⅞ - 3⅝	4⅜ - 4¼	3⅞ - 3½	[illegible]	[illegible]	4¾ - 4⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.09	94.11	+0.04	94.13	94.06	17,900	50,482
Jun	93.66	93.67	+0.04	93.69	93.62	17,353	41,198
Sep	93.33	93.33	+0.03	93.35	93.29	6,994	35,335
Dec	93.00	93.03	+0.03	93.05	92.99	3,798	18,413

■ **THREE MONTH EURODOLLAR** (LIFFE)* \$1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		93.58	-			0	1537
Jun	93.06	93.04	0.01	93.06	93.06	2	523
Sep	92.69	92.67	0.01	92.69	92.69	4	177
Dec		92.34	-			0	200

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.82	94.84	+0.01	94.86	94.82	22514	191698
Jun	94.47	94.51	+0.03	94.54	94.47	39144	186969
Sep	94.08	94.15	+0.05	94.18	94.08	22119	107299
Dec	93.69	93.75	+0.04	93.78	93.69	14772	80894

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.95	90.91	-0.05	90.97	90.88	9566	34596
Jun	90.26	90.21	-0.05	90.27	90.20	5901	28593
Sep	89.83	89.81	-0.02	89.85	89.78	2374	25395
Dec	89.50	89.49	-0.01	89.52	89.47	1949	14577

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.88	95.88	-	95.91	95.86	2812	16777
Jun	95.58	95.58	-	95.60	95.54	2383	15833
Sep	95.31	95.30	-0.02	95.34	95.26	229	9116
Dec	95.03	95.05	-0.01	95.09	95.03	226	5696

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.78	93.83	+0.05	93.84	93.77	2026	9822
Jun	93.28	93.33	+0.03	93.34	93.27	1343	6323
Sep	92.86	92.90	+0.04	92.92	92.85	612	3875
Dec	92.46	92.50	+0.04	92.50	92.46	205	1911

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 9		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.14	16.83	4.860	2.050	5144	5.449	21.28	501.1	418.4	23.73	4.112	2.044	4.447	3.178	314.1	2.577
Denmark	(DKr)	52.25	10	8.792	2.539	1.071	2688	2.847	11.12	261.8	218.6	12.40	2.148	1.068	2.324	1.660	164.1	1.347
France	(FFr)	59.42	11.37	10	2.888	1.218	3057	3.238	12.64	297.8	248.6	14.10	2.444	1.214	2.643	1.889	186.7	1.531
Germany	(DM)	20.58	3.938	3.463	1	0.422	1058	1.121	4.378	103.1	86.08	4.882	0.846	0.421	0.918	0.654	64.65	0.530
Ireland	(I£)	48.78	9.337	8.209	2.371	1	2509	2.658	10.38	244.5	204.1	11.58	2.006	0.997	2.169	1.550	153.2	1.257
Italy	(L)	1.944	0.372	0.327	0.094	0.040	100.	0.106	0.414	9.742	8.133	0.461	0.080	0.040	0.086	0.062	6.105	0.050
Netherlands	(Fl)	18.35	3.513	3.089	0.892	0.376	944.1	1	3.905	91.97	76.78	4.355	0.755	0.375	0.816	0.583	57.65	0.473
Norway	(NKr)	47.00	8.996	7.910	2.284	0.963	2418	2.561	10	235.5	196.6	11.15	1.933	0.961	2.090	1.494	147.6	1.211
Portugal	(Es)	19.96	3.819	3.358	0.970	0.409	1027	1.087	4.246	100.	83.48	4.735	0.821	0.408	0.887	0.634	62.68	0.514
Spain	(Pta)	23.90	4.575	4.022	1.162	0.490	1230	1.302	5.085	119.8	100.	5.672	0.983	0.489	1.063	0.760	75.09	0.618
Sweden	(SKr)	42.14	8.066	7.092	2.048	0.864	2168	2.296	8.966	211.2	176.3	10	1.733	0.861	1.874	1.339	132.4	1.086
Switzerland	(SFr)	24.32	4.655	4.092	1.182	0.499	1251	1.325	5.174	121.9	101.7	5.770	1	0.497	1.082	0.773	76.39	0.627
UK	(£)	48.93	9.365	8.234	2.378	1.003	2517	2.666	10.41	245.2	204.7	11.61	2.012	1	2.176	1.555	153.7	1.261
Canada	(C$)	22.49	4.304	3.784	1.093	0.461	1157	1.225	4.784	112.7	94.07	5.335	0.925	0.460	1	0.715	70.63	0.580
US	($)	31.47	6.023	5.295	1.529	0.645	1619	1.714	6.690	157.7	131.6	7.466	1.294	0.643	1.399	1	98.84	0.811
Japan	(Y)	31.83	6.093	5.357	1.547	0.653	1638	1.735	6.773	159.5	133.2	7.554	1.309	0.651	1.418	1.012	100.	0.820
Ecu		38.80	7.427	6.530	1.886	0.795	1996	2.114	8.255	194.4	162.3	9.207	1.596	0.793	1.726	1.233	121.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6540	0.6537	+0.0002	0.6554	0.6535	27,853	91,733
Jun	0.6557	0.6558	-	0.6565	0.6557	147	3,515
Sep	-	0.6585	-	0.6585	-	1	674

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0143	1.0133	-0.0010	1.0165	1.0132	22,700	75,469
Jun	1.0253	1.0245	-0.0009	1.0258	1.0246	917	7,266
Sep	-	1.0371	+0.0051	-	-	7	673

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7733	0.7737	+0.0005	0.7757	0.7732	15,478	40,139
Jun	0.7787	0.7784	+0.0004	0.7794	0.7733	202	1,227
Sep	-	0.7830	+0.0030	-	-	8	174

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5532	1.5532	+0.0012	1.5574	1.5520	13,127	40,304
Jun	1.5530	1.5530	+0.0026	1.5550	1.5526	189	1,567
Sep	-	1.5520	-	1.5520	-	2	8

UK INTEREST RATES

LONDON MONEY RATES

Feb 9	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	8 - 5	6¾ - [illegible]	6¾ - 6½	[illegible]	7⅛ - 7	[illegible]
Sterling CDs	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	6½ - [illegible]	6½ - 6⅝	-	-
Bank Bills	-	-	6½ - [illegible]	[illegible]	6⅞ - 6¾	-
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	7⅛ - 7	[illegible]
Discount Market deps	8 - 6½	6⅝ - 6½	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

Certs of Tax dep. (£100,000) [illegible]

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100% [illegible]

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100% [illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Feb 9	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.12769	+0.00114	-3.14	9.18	-
Belgium	40.2123	39.0578	+0.0124	-2.87	8.87	21
Germany	1.94964	1.89583	+0.00132	-2.62	8.59	-
Austria	13.7167	13.3611	+0.00950	-2.86	8.56	-
Ireland	0.808628	0.799000	-0.003941	-1.16	7.02	8
France	6.53883	6.56523	-0.00419	0.40	5.32	-3
Denmark	7.43679	7.47239	+0.00366	0.48	5.24	-3
Portugal	192.854	195.489	-0.182	1.36	4.35	-8
Spain	154.250	163.114	-0.511	5.76	0.00	-40

NON ERM MEMBERS [illegible]

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound) [illegible]

■ **THREE MONTH EURODOLLAR** (IMM) \$1m points of 100% [illegible]

■ **US TREASURY BILL FUTURES** (IMM) \$1m per 100% [illegible]

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100% [illegible]

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100% [illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.00	•Singer & Friedlander	6.75
•Henry Ansbacher	6.75	•Robert Fleming & Co	6.75	•Smith & Williamson Secs	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	•Guinness Mahon	6.75	United Bank of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	•Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	•Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
•Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	• Members of London Investment Banking Association	
Citibank NA	6.75	•Leopold Joseph & Sons	6.75	* In administration	
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		•Rea Brothers	6.75		

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf		97	—	117	88¼	12.1	10.3	—
9¼pc Non-Cum Pf		119¾	+½	137½	107	47.3	10.5	—
Cater Allen	‡†N□	440	−3	*630½	436	143.4	6.0	0.1
Close Bros	‡N	225	+2	*288½	203	214.2	4.2	10.2
Gerrard & Nat	‡†N□	464	−3	615	395	226.0	8.5	13.4
Hambros	‡N□	236	—	473	209	420.1	7.9	14.9
7½pc Cv Pf		102	+½	161	96½	140.4	8.6	—
Joseph (L)	‡†N	393	—	443	393	30.8	5.8	11.4
King & Shaxson	‡N	97	—	170	86	16.5	11.8	9.6
Kleinwort Benson	‡†N□	628	+1	683	424	837.8	3.8	11.1
Rea Bros	‡†N□	64	—	76	53	26.8	1.0	17.8
Schroders	‡†N□	1545	+22	1574	1050	1,345	1.5	14.1
N/V	†N	1383	+25	1488	1043	494.0	1.7	12.8
Singer & Fried	‡†N□	98	—	114	75	165.1	4.6	10.9
Union	‡†N□	98	—	*186	87	23.4	9.4	8.1
Warburg (SG)	‡N□	767	+15	1012	585	1,852	3.7	10.6
Wintrust	‡†N	228	—	380	203	19.4	5.9	15.0

BANKS, RETAIL

	Notes	Price	+ or –	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£22¼	−⅛	£25¼	£19¾	6,791	5.1	6.5
ANZ A$		218	−3	278¼	171	2,964	6.3	7.5
Abbey National	†N□	437	+4	523	380½	5,730	4.4	14.7
Allied Irish I£	‡†N□	278	—	314	233	1,790	4.7	16.4
Anglo Irish I£	N□	81	—	70	68	175.6	8.7	16.5
Asahi 7	□	721¼	−21	819¼	628	16,759	0.6	—
Banco SB Viz Pta	□	£16½	−½	£17	£14½	3,786	5.1	7.3
Banco Sant Pta		£23¼	—	*£30½	£23½	3,608	0.6	8.3
Bk Ireland I£	†N□	313	+3	*319	246	7,486	4.8	9.1
Bank Scotland	‡†N□	204	−3	247	172½	2,388	3.3	11.5
9¼pc Pf		126	+½	141½	106	120.0	9.6	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BREWERIES
[illegible]

BUILDING & CONSTRUCTION
[illegible]

BUILDING MATS. & MERCHANTS
[illegible]

BUILDING MATS. & MERCHANTS - Cont.
[illegible]

CHEMICALS
[illegible]

DISTRIBUTORS
[illegible]

DIVERSIFIED INDUSTRIALS
[illegible]

ELECTRICITY
[illegible]

ELECTRONIC & ELECTRICAL EQPT
[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.
[illegible]

ENGINEERING
[illegible]

ENGINEERING, VEHICLES
[illegible]

EXTRACTIVE INDUSTRIES
[illegible]

FOOD PRODUCERS
[illegible]

GAS DISTRIBUTION
[illegible]

HEALTH CARE
[illegible]

HEALTH CARE - Cont.
[illegible]

HOUSEHOLD GOODS
[illegible]

INSURANCE
[illegible]

INVESTMENT TRUSTS
[illegible]

INVESTMENT TRUSTS - Cont.
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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£20	....	£24	£13½	1,892	2.5	21.2
Barlow	♣	£5¼	+¼	£5¾	£3¾	1,111	1.5	19.9
Gold Fds Prop R		144	....	182	75	14.5	7.5	⊕
MK Props		95	....	98	95	3.42	14.3	—
SASOL	♥	496	-7	582	280	2,803	2.9	-
SA Brews	†	£14½	-¼	£16½	£10	4,041	2.0	22.4
Tiger Oats		725	....	838	538	1,099	2.1	18.8
Tongaat-Hulett	†h	702	....	762	356½	684.5	1.9	21.0

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- \- Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ⊕ Figures or report awaited
- ♥ Rule 2.10(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96
N Figures based on IIMR "Headline Earnings"
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualise yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT4040. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

GUERNSEY (SIB RECOGNISED)

Lazard Fund Mngrs - Contd.

GUERNSEY (REGULATED)(**)

Merrill Lynch Guernsey

IRELAND (SIB RECOGNISED)

Singer & Friedlander Inv Funds Ltd - Contd.

IRELAND (REGULATED)(**)

Value Express Fund Plc

Yellow Sea Investment Company PLC

Yuki Korea Fund

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

Credis Investment Funds

Murray Universal, Sicav

CMI Insurance Co Ltd - Contd.

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Emerging Markets Management

Jardine Fleming Unit Trusts Ltd - Contd.

Philippine Income Fund Inc

State Street Banque SA

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie at new 1995 peak and jousts with 3,100

By Terry Byland,
UK Stock Market Editor

European fund buying of UK equities took the FT-SE 100-share Index to a new 1995 peak yesterday in a session which closed with the index jousting with the 3,100 mark. The demand from continental Europe was spread across the market and brought sharp rises in the FT-SE 250 and 350 Indices, which take in a substantial list of smaller-capitalisation stocks.

Traders commented that the advance in London brushed aside a cautious performance in the New York markets where this week's $40bn Federal funding operation continued to overlay sentiment. Equity volume increased in the UK, with speculative activity strong among the regional electricity companies as the market awaited a decision from the UK authorities on the Trafalgar House bid for Northern Electric. The rise in the Footsie would have been greater but for falls among the food retailers.

Share prices opened nervously and stayed that way until the appearance of a buying programme signalled European interest and sent the Footsie ahead. The index quickly broke through the January high of 3,076.7 and touched 3,102.7 ahead of the Wall Street opening.

The pace proved somewhat too hot to maintain and shares came well off the top for a while. However, London turned higher again as the Dow reversed an early fall to show a gain of 6 points in UK trading hours, and the Footsie briefly cleared 3,100 for a second time.

The final reading of 3,099 gave the FT-SE 100 an advance of 26.5 on the day, against 30.2 at the peak of the session. But the breadth of interest in equities was more clearly reflected in gains of 25.6 in the FT-SE Mid 250 Index, at 3,440.7, and of 12.8 in the FT-SE-A 350 Index, at 1,543.9.

Seaq volume of 717.6m shares was well at the top end of recent daily averages and compared with only 528.7m in the previous session. Retail business in equities has been high this week, returning a total worth of £1.3bn for Wednesday's trading session.

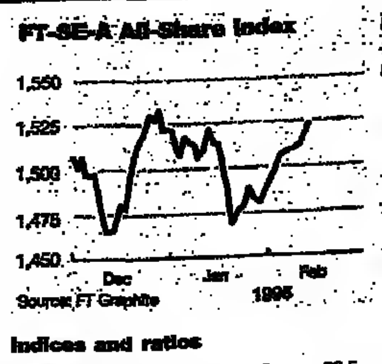
There was little response to the UK trada figures for November. Market confidence that UK base rates may be nearing the high point of the present cycle remained solid. With the UK seen as the most likely market in Europe to benefit from an easing of interest rate fears, London stocks are seen as attractive compared to continental European markets.

Domestic funds were also active in the market yesterday. Some financial stocks, which are thought to have been left behind in the market recovery, came in for support. But BT's trading statement failed to inspire a market which had correctly estimated the profit figure as well as the board's references to redundancy costs.

There was demand for the retail stores, which hava laid under a cloud since mid-January because of the market's cool response to the outcome of the Christmas selling season.

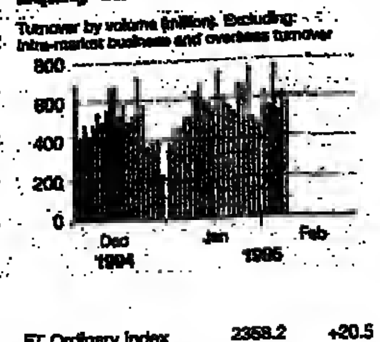
But brewery stocks, hit this week by the announcement that the Office of Fair Trading will look into wholesale beer prices, found little comfort at the annual meeting of Bass.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (millions). Excluding: Intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3099.0	+26.5
FT-SE Mid 250	3440.7	+25.6
FT-SE-A 350	1543.9	+12.8
FT-SE-A All-Share	1525.42	+11.77
FT-SE-A All-Share yield	4.03	(4.06)
FT Ordinary Index	2358.2	+20.5
FT-SE-A Non Fins p/e	17.96	(17.74)
FT-SE 100 Fut Mar	3112.0	+32.0
10 yr Gilt yield	8.56	(8.57)
Long gilt/equity yld ratio:	2.13	(2.12)

Best performing sectors

1. Insurance .... +3.0
2. Water .... +2.9
3. Diversified Inds .... +1.6
4. Health Care .... +1.4
5. Banks, Merchant .... +1.2

Worst performing sectors

1. Retailers, Food .... -1.9
2. Breweries .... -0.2
3. Textiles & Apparel .... -0.2
4. Distributors .... -0.2
5. FT-SE Fledgling ex ITs .... -0.0

Card hint at Tesco

Speculation that Tesco was about to launch a nationwide electronic "loyalty" store card triggered fears of increased competition among food retailers, sending shares in the sector sharply lower.

Tesco, similar to several of its rivals, has been carrying out card tests in some selected stores, and market talk suggested that the group could launch a nationwide card as early as next week. A company spokesman would only say that a new card is being tried out at soma of the group's stores.

Shortly before the market close J. Sainsbury confirmed thet it was launching a trial "loyalty" card next month in selected branches.

Shares in Tesco gave up 5½ at 244p in hefty trade of 7.1m, while Sainsbury fell 8 to 427p. Argyll Group, also believed to be carrying out "loyalty" card tests, retreated 9 to 269p.

One analyst said: "There is no smoke without fire. All I can say is the first group to launch a nationwide card will gain a big sales advantage."

Analysts said food retailers trailing in card technology were likely to be left behind. Asda was said to be among food retail chains in this camp. The stock eased a penny to 67p with 31m shares dealt, making it the day's most actively traded issue.

Composite insurance stocks took four out of the top five places in the FT-SE 100's performance table as some of the market's leading broking firms reappraised the sector's underperformance against the market in recent months.

The composites' preliminary reporting season gets under way in two weeks time when Guardian Royal Exchange reports. There were at least two big institutional buyers of the sector who adopted a long term positive view of the dividend potential, particularly in Commercial Union and Sun Alliance, as well as the recent boost to net asset values from a rising stock market.

Sun Alliance was the FT-SE 100's best performer, the shares moving forward 14 or 4.6 per cent to 316p, followed by Commercial Union, which climbed 18 to 518p, Royal Insurance, up 8 at 286p, and GRE, 5 ahead at 181p.

BZW was the driving force in the life sector, recommending a switch ont of Prudential, a penny off at 304p, and into Legal & General, which gained 10 at 455p. BZW, along with Robert Fleming Securities, was also responsible for moving London and Manchester up 6 to 326p.

A recent large selling order in Willis Corroon was said to have been completed and the shares moved up 3 to 143p; turnover reached a hefty 8.3m.

Trading was active in Babcock International, where turnover reached 23m shares as a big two-way pull built up in the wake of the group's second Chinese power plant order this year.

Babcock has had a mixed press since it passed the interim dividend in November. But the recent Chinese contracts suggest that hopes for a significant profits recovery among some securities houses are not entirely misplaced. The shares closed a shade better at 28p, against a recent 1994-95 low of 26p.

Bank of Scotland was a lone casualty in the high street banks, the shares slipping 3 to 204p on turnover of 3.4m in the wake of a NatWest Securities downgrading.

HSBC outpaced the rest of the banks, closing 12¼ firmer at 676½p, helped by another strong showing by Far Eastern markets. The recent BZW buy note continued to sustain Barclays, 4 higher at 603p.

Schroders was the pick of the merchant banks, rising 22 to 1545p on renewed talk of imminent moves in the financial sector. S.G. Warburg put on 15 at 751p as dealers continued to view the stock as one of the bid favourites for 1995.

The impending litigation unsettled Govett, down 38 at 311p, after 298p.

Counter-bid speculation continued to swirl around Wellcome, the subject of a £9bn-plus offer from Glaxo. The shares gained 3 at 1023p, while Glaxo improved 5 to 659p with 8m traded.

SmithKline Beecham was being touted as a possible entrant, joining a growing list which includes Roche and Hoechst. However, SmithKline shares were more motivated by the recent good news on its heart failure treatment. Follow-through buying pushed the "A" stock up 4½ to 494½p on turnover of 11m shares.

Elsewhere in the sector, Smith & Nephew has been attracting a certain amount of bid speculation. The shares rose 2¾ to 167¾p, a two-year high. However, one analyst said ths advance reflected a quality management which was already extracting maximum value from the company.

Chemicals group BTP fell 12 to 260p as it surprised the market with a £51.9m rights issue. The one-for-six cash call priced at 225p per share was aimed at clearing the balance sheet of debt ahead of more acquisitions. A disappointed Mr Charles Lambert of Smith New Court said: "It won't help the share price at all."

On tha whole, chemicals stocks performed well, with the leaders ICI and Courtaulds gaining 6 at 753p and 7 at 432p. However BOC underperformed with a rise of only 2 to 720p as the first-quarter figures of £89.4m came in below expectations of around £93m.

Carlton Communications rose 7 to 893p as NatWest Securities recommended the stock as part of a general review of the sector.

On the sell side NatWest featured Scottish Television, which was restrained at 437p.

BT shares could only manage a meagre 1¼ gain at 397½p as the market paid little attention to the third-quarter figures, which were broadly in line with forecasts, and preferred to worry about the latest outpourings from Oftel. Turnover reached 24m shares.

Diversified industrials were again heavily traded, with BTR running up turnover of 14m and Hanson not far behind at 13m ahead of next Tuesday's first-quarter results. An upbeat set of numbers is widely expected – the range among brokers looks to be £230m to £265m pretax – and some houses were talking tentatively of Hanson edging up the dividend.

This possibly explained the heavy options volume in Hanaon yesterday, which was equal to almost an extra 5m of cash market turnover. The shares were 5¾ higher at 243¾p. BTR rose 7 to 321p.

Lex Service stood out on a good day for equities generally, tumbling 6 to 282p following a £14.5m clear-out in car retailing, where operating margins have been wafer thin for some time. The retructuring charge represents some 35 per cent of expected 1994 profits but will be offset by disposals. NatWest Securities thought the move reflected strong management and said Lex's well covered 6 per cent yield could soon find takers.

A broker's recommendation boosted property group MEPC, which added 10 at 390p.

The strong market trend helped Bass recover from an earlier slide that followed news of a 1.3 per cent drop in beer volumes in the first 16 weeks of the year. The shares closed unchanged at 518p.

Among retailers, both Boots and Sears gained ground on the back of brokers recommendations. The former put on 8 to 484p, while the latter firmed 2½ to 104½p. Talk of pressure on margins continued to hurt MFI Furniture. The shares lost another 3 to 116p.

FINANCIAL TIMES EQUITY INDICES

	Feb 9	Feb 8	Feb 7	Feb 6	Feb 3	Yr ago	*High	*Low
Ordinary Share	2358.2	2337.7	2333.0	2320.3	2319.8	2619.4	2713.6	2238.3
Ord. div. yield	4.48	4.50	4.51	4.52	4.51	3.51	4.66	3.43
Earn. yld. % full	8.60	6.66	6.65	6.64	6.63	3.84	6.84	3.82
P/E ratio net	17.98	17.82	17.85	17.98	17.90	33.09	33.43	16.91
P/E ratio nil	17.10	16.95	16.93	16.93	16.97	30.52	30.80	16.37

*For 1994/5. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2338.0	2333.6	2349.3	2353.2	2356.4	2356.5	2358.9	2360.4	2356.5	2361.0	2332.7

	Feb 9	Feb 8	Feb 7	Feb 6	Feb 3	Yr ago
SEAQ bargains	24,582	19,972	23,992	23,169	21,316	40,195
Equity turnover (£m)†	-	1313.6	1633.1	1330.6	2276.8	1974.1
Equity bargains†	-	27,736	31,593	32,666	31,175	45,831
Shares traded (m)†	-	574.4	629.5	588.5	779.3	829.8

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	721	Total Highs	23	Total contracts	47,866
Total Falls	496	Total Lows	77	Calls	22,560
Same	1,618			Puts	25,306

Feb. 6 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3077.0	3112.0	+32.0	3118.0	3068.0	15550	60362
Jun	3094.0	3121.5	+32.0	3127.0	3094.0	243	5883
Sep		3146.5	+32.0			0	92

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3430.0	3445.0	+40.0	3455.0	3430.0	132	4010

■ FT-SE 100 INDEX OPTION (LIFFE) (*3099) £10 per full index point

	2900		2950		3000		3050		3100		3150		3200		3250	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Feb	213	1	163½	1	114½	3	66	8	30½	19	9½	52	1½	101	1	151
Mar	218	7½	172½	12	129	18	91½	30	60	49	36	75½	18	110	10	152½
Apr	225	16	184	27	146	40	113	56	83	75½	59½	102	39½	132½	25	168
May	240½	25½	203	38½	169½	51½	136	70	106	90	82½	117	60½	145½	45	181
Jun†	252	26½			180½	63			120	103			76	157½		

Calls 7,781 Puts 8,950

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2925		2975		3025		3075		3125		3175		3225		3275	
Feb	189	1½	140	2	92	4	49½	11½	16	31	4½	68½	1	113	1	162
Mar	193	7½	146	13	109	22½	74	37½	45½	58	26½	80	12½	125	5½	167½
Apr	203½	22½	164½	33	129½	47	99½	66½	74	90½	63½	119	37	152	25	189
Jun	236½	45			166½	73½			112	115			89	170		
Sept†	275½	64			210½	95			154	134½			107½	184		

Calls 2,840 Puts 4,293 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

MARKET REPORTERS:
Steve Thompson,
Peter John, Joel Kibazo,
Jeffrey Brown.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
$10	F.P.	34.4	625	565	First Russian Fr	573	+8	-	-	-	-
-	F.P.	34.1	96	93	Gartmore Mic Ind	95		-	-	-	-
-	F.P.	2.91	41	38	Do. Warrants	41		-	-	-	-
-	F.P.	27.9	65	51¾	Lazard Bids India	53¾		-	-	-	-
-	F.P.	3.34	32½	29¾	Do Warrants	32¼	+½	-	-	-	-
35	F.P.	22.1	36	34	MCIT S Cap	34		-	-	-	-
35	P.P.	23.4	36	36	MCIT S Inc	36		-	-	-	-
100	F.P.	40.5	94	80	Matheson Lloyds	81		-	-	-	-
-	F.P.	18.0	130	90	Pentex Oil	90		-	-	-	-
-	F.P.	4.30	10¾	10½	Wessex Trust	10¾		-	-	-	-
-	F.P.	262.1	128	118	Woodchester Units	125		-	-	-	-

FT GOLD MINES INDEX

	Feb 9	% chg on day	Feb 8	Feb 7	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1665.27	+0.4	1659.38	1662.38	2069.02	2.29	2387.90	1637.91
■ Regional Indices								
Africa (16)	2576.23	+1.0	2551.82	2614.26	2724.25	5.32	3711.87	2304.45
Australasia (7)	1788.20	-4.4	1870.20	1865.36	2763.47	0.92	2951.49	1870.20
North America (11)	1380.22	+1.0	1366.39	1380.88	1759.58	0.82	1911.21	1346.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: Feb 9 ; 203.4 ; day's change: +0.0 Year ago: 214.6 † Partial.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Feb 9	Day's chge%	Feb 8	Feb 7	Feb 6	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3099.0	+0.9	3072.5	3072.7	3062.0	3407.0	4.20	7.13	16.58	4.32	1184.84
FT-SE Mid 250	3440.7	+0.7	3415.1	3407.1	3395.8	4068.9	3.69	6.42	18.59	9.13	1299.77
FT-SE Mid 250 ex Inv Trusts	3447.5	+0.7	3421.9	3411.4	3401.7	4086.9	3.84	6.94	17.31	9.24	1300.54
FT-SE-A 350	1543.9	+0.8	1531.1	1530.4	1525.1	1726.2	4.09	6.87	17.00	2.59	1208.31
FT-SE-A 350 Higher Yield	1568.5	+0.8	1555.5	1552.6	1548.4	1730.2	5.10	7.42	16.12	3.46	1009.95
FT-SE-A 350 Lower Yield	1518.0	+0.8	1506.3	1507.7	1501.5	1678.5	3.06	6.51	17.89	1.74	1001.80
FT-SE SmallCap	1716.91	+0.2	1714.68	1715.60	1714.73	2082.49	3.38	6.49	19.32	3.46	1348.17
FT-SE SmallCap ex Inv Trusts	1695.02	+0.2	1691.56	1691.56	1691.66	2056.08	3.58	7.29	17.41	3.63	1332.18
FT-SE-A ALL-SHARE	1525.42	+0.8	1513.65	1513.05	1508.21	1715.87	4.03	6.93	17.15	2.60	1214.06

■ FT-SE Actuaries All-Share

	Feb 9	Day's chge%	Feb 8	Feb 7	Feb 6	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(25)	2698.29	+0.8	2674.59	2673.61	2670.07	2678.32	3.49	5.02	25.18	0.00	1068.54
12 Extractive Industries(7)	3617.21	+1.0	3480.87	3504.74	3634.47	3998.97	3.45	6.58	22.34	0.00	970.56
15 Oil, Integrated(3)	2702.65	+0.8	2681.60	2677.34	2667.89	2605.16	3.80	5.55	22.43	0.00	1116.08
16 Oil Exploration & Prod(15)	1956.43	+0.6	1944.77	1939.12	1941.20	1937.06	2.50	‡	‡	0.00	1131.96
20 GEN INDUSTRIALS(278)	1835.27	+1.0	1817.38	1811.68	1803.54	2207.92	4.26	5.67	20.33	1.65	944.86
21 Building & Construction(36)	947.18	+0.5	942.14	943.44	948.72	1542.27	4.11	6.69	19.48	0.00	747.88
22 Building Matls & Merchs(31)	1764.26	+1.1	1744.82	1742.93	1732.75	2317.41	4.32	6.26	19.27	0.20	839.75
23 Chemicals(23)	2218.77	+0.5	2207.59	2207.36	2200.83	2463.32	4.26	5.34	22.77	0.50	891.58
24 Diversified Industrials(17)	1827.20	+1.6	1798.27	1778.81	1771.53	2212.86	5.10	6.23	18.53	3.06	947.72
25 Electronic & Elect Equip(36)	1911.99	+0.8	1900.72	1900.57	1884.11	2229.76	3.67	6.71	17.70	2.01	945.80
26 Engineering(72)	1749.70	+0.8	1736.27	1737.01	1731.82	1964.34	3.46	5.61	20.92	2.87	1010.25
27 Engineering, Vehicles(13)	2111.42	+0.8	2095.14	2076.52	2061.72	2432.75	4.74	1.64	80.00†	0.16	1083.67
28 Paper, Pckg & Printing(27)	2724.74	+1.1	2694.69	2702.75	2682.92	2361.60	3.30	5.89	19.62	0.17	1078.77
29 Textiles & Apparel(21)	1481.23	-0.2	1484.14	1476.65	1475.48	1995.82	4.58	6.62	19.62	0.17	848.16
30 CONSUMER GOODS(95)	2873.65	+0.5	2858.31	2850.48	2861.77	2831.84	4.26	7.14	16.37	9.56	1002.06
31 Breweries(18)	2138.89	-0.2	2143.62	2164.17	2232.89	2258.62	4.47	8.59	14.01	10.38	979.18
32 Spirits, Wines & Ciders(10)	2591.76	+0.5	2575.38	2587.48	2577.96	3053.45	4.40	7.59	15.57	26.30	884.94
33 Food Producers(24)	2344.99	+0.5	2333.66	2334.36	2328.29	2583.41	4.21	7.50	15.62	14.23	1003.83
34 Household Goods(10)	2532.80	+0.9	2510.41	2504.00	2509.78	2827.46	3.51	6.60	18.23	0.45	317.56
36 Health Care(16)	1610.58	+1.4	1588.54	1588.45	1590.33	1876.56	3.10	3.43	40.46	0.58	940.80
37 Pharmaceuticals(13)	3539.39	+0.5	3522.96	3497.16	3514.13	3080.65	3.99	8.10	16.05	0.00	1135.39
38 Tobacco(2)	3834.44	+0.7	3808.14	3775.02	3741.77	4207.13	5.60	9.50	11.49	0.00	874.67
40 SERVICES(231)	1873.17	+0.4	1865.77	1869.80	1857.76	2140.25	3.35	7.27	16.63	3.90	930.33
41 Distributors(32)	2267.67	-0.2	2271.68	2277.68	2272.58	3215.84	4.12	18.71	8.63	1.53	792.90
42 Leisure & Hotels(29)	2120.72	+0.9	2102.45	2090.49	2067.42	2310.71	3.39	5.74	20.83	8.69	1055.99
43 Media(43)	2772.56	+0.5	2758.66	2782.59	2764.50	3321.48	2.54	5.65	20.74	1.92	968.06
44 Retailers, Food(16)	1762.61	-1.9	1797.58	1818.47	1805.62	1606.85	5.73	9.10	13.47	2.54	1065.25
45 Retailers, General(45)	1554.93	+0.9	1540.64	1539.75	1531.97	1791.32	3.44	7.49	15.65	5.11	848.12
48 Support Services(38)	1475.52	+1.5	1453.16	1454.23	1443.12	1603.27	2.85	6.54	16.02	5.69	904.11
49 Transport(21)	2228.75	+1.1	2205.09	2197.23	2184.86	2750.93	3.82	5.82	17.34	3.82	891.64
51 Other Services & Business(7)	1217.35	+0.6	1210.27	1206.03	1209.19	1369.58	3.67	4.56	29.60	4.76	1060.36
60 UTILITIES(37)	2369.86	+1.0	2366.84	2360.00	2363.51	2626.72	4.64	7.48	19.27	6.79	941.59
62 Electricity(17)	2444.84	+0.9	2424.13	2415.65	2394.31	2451.65	4.16	10.34	11.53	19.89	1046.28
64 Gas Distribution(2)	2051.68	+0.5	2042.04	2042.04	2022.65	2253.93	5.84	‡	‡	0.00	963.63
66 Telecommunications(5)	2025.68	+0.7	2011.89	2046.41	2036.92	2348.55	4.04	6.64	18.36	0.00	879.14
68 Water(13)	1744.20	+2.9	1695.13	1665.28	1672.81	2014.63	5.74	13.76	7.93	4.62	889.39
69 NON-FINANCIALS(666)	1653.21	+0.7	1641.62	1641.53	1636.57	1624.93	4.01	6.68	17.96	3.29	1183.20
70 FINANCIALS(119)	2144.23	+1.2	2119.06	2112.70	2105.44	2630.06	4.55	9.36	12.39	0.89	856.28
71 Banks, Retail(9)	2808.51	+1.0	2779.57	2770.37	2767.10	3421.66	4.36	10.06	11.33	0.00	845.16
72 Banks, Merchant(6)	3142.10	+1.2	3105.74	3087.63	3079.99	3684.74	3.54	8.66	13.15	0.00	954.32
73 Insurance(27)	1198.77	+3.0	1164.24	1160.53	1152.84	1488.16	5.52	9.84	11.60	0.51	829.27
74 Life Assurance(6)	2355.41	+0.4	2346.56	2347.09	2318.60	2703.84	5.43	7.91	15.42	0.00	911.57
77 Other Financial(23)	1862.42	+0.7	1849.93	1847.81	1846.39	2249.24	4.01	6.01	14.76	2.11	1007.27
79 Property(46)	1390.10	+1.1	1375.26	1370.40	1363.69	1664.56	4.33	7.66	16.32	0.67	606.96
80 INVESTMENT TRUSTS(133)	2635.27	+0.5	2619.16	2627.29	2611.53	3058.07	2.37	2.04	49.09	4.64	892.03
89 FT-SE-A ALL-SHARE(918)	1525.42	+0.8	1513.65	1513.65	1508.21	1715.87	4.03	6.93	17.15	2.60	1214.06
FT-SE-A Fledgling	983.36	....	983.24	985.23	988.10	-	2.91	-	-	2.05	995.39
FT-SE-A Fledgling ex Inv Trusts	984.65	....	984.99	987.00	988.32	-	3.07	-	-	2.20	996.82

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3072.7	3068.2	3066.9	3081.5	3095.1	3094.6	3101.0	3101.3	3099.0	3102.7	3066.9
FT-SE Mid 250	3417.1	3417.0	3428.3	3435.5	3436.1	3437.7	3438.9	3440.2	3439.8	3440.7	3416.6
FT-SE-A 350	1531.4	1529.7	1538.0	1540.5	1542.0	1542.0	1544.5	1544.9	1543.9	1545.3	1529.2

Time of FT-SE 100 Day's high: Day's low: . FT-SE 100 1994 High: 3520.3(2/2/94) Low: 2876.6(24/6/94) .

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	881.3	881.5	883.8	884.1	884.4	885.0	886.0	885.2	887.6	889.0	881.6	+7.3
Pharmaceuticls	3496.9	3494.5	3510.5	3514.7	3524.0	3521.4	3519.9	3509.3	3509.2	3509.8	3493.9	+15.9
Water	1698.3	1692.9	1699.4	1700.7	1715.0	1723.0	1728.1	1731.6	1738.9	1739.2	1689.4	+49.8
Banks, Retail	2831.2	2824.9	2837.9	2840.6	2842.2	2839.5	2846.4	2846.5	2841.9	2842.3	2815.0	+27.3

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
 The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	332	358	+2
ASDA Group†	61,000	67	-1
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 Index constituent. All trades are rounded.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 9 / Sch)

BELGIUM/LUXEMBOURG (Feb 9 / Frs.)

CZECH REP (Feb 9 / Koruna)

DENMARK (Feb 9 / Kr)

FINLAND (Feb 9 / Mka)

FRANCE (Feb 9 / Frs.)

GERMANY (Feb 9 / Dm.)

GREECE (Feb 9 / Drachma)

ITALY (Feb 9 / Lira)

NETHERLANDS (Feb 9 / Fls.)

NORWAY (Feb 9 / Kroner)

POLAND (Feb 8 / Zloty)

PORTUGAL (Feb 9 / Escudo)

SPAIN (Feb 9 / Pts.)

SWEDEN (Feb 9 / Kronor)

SWITZERLAND (Feb 9 / Frs.)

TURKEY (Feb 9 / Tk.Lira)

PACIFIC

JAPAN (Feb 9 / Yen)

AUSTRALIA (Feb 9 / Aust$)

HONG KONG (Feb 9 / H.K.$)

INDONESIA (Feb 9 / Rupiah)

MALAYSIA (Feb 9 / MYR)

NEW ZEALAND (Feb 9 / NZ $)

SINGAPORE (Feb 9 / S$)

SOUTH KOREA (Feb 9 / Won)

TAIWAN (Feb 9 / TW $)

THAILAND (Feb 9 / Baht)

AFRICA

SOUTH AFRICA (Feb 9 / Rand)

NORTH AMERICA

CANADA

TORONTO (Feb 9 / Can $)
4 pm close

MONTREAL (Feb 9 / Can $)
4 pm close

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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INDICES

	Feb 9	Feb 8	Feb 7	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	(c)	14780.32	14926.83	25470.40	18/2/94	13886.46	10/1/95
Australia							
All Ordinaries(1/1/80)	1833.6	1828.3	1845.8	2340.60	3/2/94	1823.30	8/2/95
All Mining(1/1/80)	798.6	795.3	817.5	1138.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	385.46	382.99	383.55	480.88	2/2/94	381.34	3/2/95
Traded Index(2/1/91)	982.53	974.36	977.99	1222.25	1/2/94	969.30	3/2/95
Belgium							
BEL20 (1/1/91)	1350.45	1347.09	1358.71	1542.85	9/2/94	1336.39	7/10/94
Brazil							
Bovespa (29/12/83)	(c)	35503.0	36374.0	55119.00	13/9/94	3808.00	3/1/94
Canada							
Metals Minls♦(1975)	(c)	3874.69	3922.33	4326.07	18/1/95	3290.06	20/4/94
Composite♦ (1975)	(c)	4104.20	4101.00	4668.30	23/3/94	3889.80	24/6/94
Portfolio§§ (4/1/83)	(c)	2018.29	2012.94	2182.69	1/2/94	1926.46	29/6/94
Chile							
IPGA Gen (31/12/80)	(c)	5458.7	5477.0	5754.40	21/11/94	3801.29	4/4/94
Denmark							
CopenhagenSE(3/1/83)	355.40	354.86	358.73	418.79	2/2/94	335.66	20/12/94
Finland							
HEX General(28/12/90)	1833.9	1831.1	1854.9	1872.00	4/2/94	1891.10	3/1/94
France							
SBF 250 (31/12/90)	1236.43	1223.85	1232.90	1395.20	2/2/94	1178.82	23/1/95
CAC 40(31/12/87)	1874.44	1850.91	1870.44	2355.86	2/2/94	1772.94	23/1/95
Germany							
FAZ Aktien(31/12/58)	784.24	777.68	779.82	858.27	18/5/94	742.84	5/10/94
Commerzbank(1/12/53)	2228.4	2209.0	2214.8	2485.58	2/5/94	2118.38	5/10/94
DAX (30/12/87)‡	2112.69	2087.82	2092.49	2271.11	18/5/94	1980.78	7/10/94
Greece							
Athens SE(31/12/80)	795.48	789.22	798.41	1194.88	18/1/94	789.22	8/2/95
Hong Kong							
Hang Seng(31/7/64)	8054.88	7934.83	8004.01	12201.09	4/1/94	6967.90	20/1/95
India							
BSE Sens.(1979)	3555.57	3548.27	3581.47	4643.57	12/9/94	3411.04	24/1/95
Indonesia							
Jakarta Comp.(10/8/82)	450.83	451.95	457.33	612.80	5/1/94	432.96	25/1/95
Ireland							
ISEQ Overall(4/1/88)	1897.04	1888.12	1897.46	2082.38	20/1/94	1684.14	1/7/94
Italy							
Banca Comm Ital (1972)	679.45	679.03	676.47	817.17	10/5/94	591.84	13/12/94
MIB General (2/1/95)	1074.0	1073.0	1069.0	1075.60	6/2/95	979.00	10/1/95
Japan							
Nikkei 225 (16/5/49)	18099.55	18290.25	18500.55	21552.81	13/6/94	17369.74	4/1/94
Nikkei 300 (1/10/82)	258.55	261.11	265.46	311.71	13/6/94	254.89	23/1/95
Japan							
Topix (4/1/68)	1412.71	1423.75	1445.35	1712.73	13/6/94	1398.86	23/1/95
2nd Section (4/1/68)	1875.76	1890.58	1898.47	2842.66	6/7/94	1883.38	3/1/94
Malaysia							
KLSE Comp.(4/4/86)	971.03	984.75	975.58	1314.46	5/1/94	840.87	24/1/95
Mexico							
IPC (Nov 1978)	(c)	1360.81	1382.26	2881.17	8/9/94	1866.80	31/1/95
Netherland							
CBS TRtrnGen(End 83)	445.8	444.5	444.7	454.98	31/1/94	409.30	21/6/94
CBS All Shr (End 83)	279.5	278.8	279.0	294.80	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1959.57	1964.13	1965.00	2439.84	3/2/94	1978.89	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1144.64	1139.42	1146.25	1211.18	28/2/94	988.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2563.30	2542.23	2534.46	3308.37	4/1/94	2374.86	24/1/95
Portugal							
BTA (1977)	2783.5	2785.5	2782.9	3228.80	18/2/94	2812.80	20/6/94
Singapore							
SES All-S'pore(2/4/75)	511.59	507.45	515.55	641.91	4/1/94	472.80	23/1/95
South Africa							
JSE Gold (28/9/78)	1653.0♥	1540.7	1537.6	2594.00	7/9/94	1486.20	30/1/95
JSE Ind. (28/9/78)	6407.7♥	6377.2	6448.4	6864.40	30/12/94	5448.06	19/1/94
South Korea							
KoreaCmpEx(4/1/80)**	964.12	958.33	942.52	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	269.11	267.90	268.91	369.31	31/1/94	275.35	11/1/95
Sweden							
AffarsvarldenGen (1/2/37)	1558.80	1538.50	1548.80	1803.90	31/1/94	1334.70	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1250.30	1242.65	1245.01	1423.34	31/1/94	1138.72	27/10/94
SBC General (1/4/87)	925.46	920.73	923.41	1083.29	31/1/94	876.57	27/10/94
Taiwan							
WeightedPr.(30/6/66)**	6543.42	6526.74	6531.62	7191.13	1/11/94	5194.83	19/3/94
Thailand							
Bangkok SET (30/4/75)	1307.19	1314.24	1329.25	1753.73	4/1/94	1191.25	23/1/95
Turkey							
Istanbul Comp.(Jan 1986)	26704.1	26321.0	26379.8	28145.38	2/12/94	12990.79	24/3/94
WORLD							
MS Capital Int (1/1/70)	613.6*	613.7	615.9	640.88	2/11/94	581.80	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1347.04	1334.40	1349.47	1548.39	31/1/94	1286.48	5/10/94
Euro Top-100 (26/6/90)	1195.18	1184.88	1139.16	1311.91	2/2/94	1138.48	5/10/94
JCapalDrgnt (31/12/88)	(c)	292.14	294.27	368.19	5/1/94	281.48	23/1/95
Barings Emerg.(7/1/92)	141.54	142.92	144.92	194.39	26/8/94	134.07	31/1/95

** Sat Feb 4 : Taiwan Weighted Price 6528.38; Korea Comp Ex 951.89. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 9 – 2117.90 +30.02.

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
CAC-40							
Feb	1889.0	1883.5	-2.5	1886.0	1881.0	335	24,209
Mar	1891.5	1891.5	-	-	-	-	23,015
DAX							
Mar	2094.0	2137.5	+37.5	2141.0	2090.5	26,649	N/A
Jun	2113.0	2159.0	+36.0	2161.0	2112.5	326	N/A
OMX							
Feb	1177.00	1179.50	-0.50	1197.00	1177.00	5,842	22,071
Mar	1194.00	1202.00	+18.5	1202.00	1194.00	130	1,420
SOFFEX							
Feb	2612.0	2633.0	+15.5	2641.9	2612.0	5,825	14,581
Mar	2634.0	2625.0	-11.0	2634.6	2623.0	31	1,040

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
S&P 500							
Mar	482.30	482.90	+0.55	483.10	481.70	65,639	196,901
Jun	486.60	486.75	+0.35	486.80	486.45	1,092	16,768
Nikkei 225							
Mar	18310.0	18240.0	-110.0	18410.0	18160.0	39,472	128,371
Jun	18330.0	18290.0	-60.0	18450.0	18240.0	4,411	12,487

Open interest figures for previous day.

US INDICES

Dow Jones	Feb 9	Feb 7	Feb 8	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3885.37	3857.39	3837.73	3978.36 (31/1/94)	3593.35 (4/4/94)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	95.89	95.53	95.51	105.81 (21/1/94)	99.55 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1501.14	1499.74	1505.50	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	194.70	196.35	195.10	227.86 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3857.87 (3860.27) Low 3808.18 (3807.45) (Theoretical♦)
Day's high 3853.54 (3841.79) Low 3830.69 (3824.94) (Actual♦)

Standard and Poors							
Composite ‡	481.18	480.81	481.14	482.00 (2/2/94)	438.92 (4/4/94)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	567.31	566.93	567.33	567.33 (6/2/95)	510.05 (21/4/94)	567.33 (6/2/95)	3.62 (21/6/32)
Financial	45.86	45.59	45.71	48.94 (14/6/94)	39.87 (22/11/94)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	261.87	261.64	261.75	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	445.94	443.14	443.12	487.89 (2/2/94)	420.23 (13/12/94)	487.56 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	783.77	778.97	778.85	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

RATIOS

	Feb 3	Jan 27	Jan 20	Year ago
Dow Jones Ind. Div. Yield	2.73	2.79	2.77	2.62
	Feb 8	Feb 1	Jan 25	Year ago
S & P Ind. Div. yield	2.38	2.42	2.43	2.46
S & P Ind. P/E ratio	19.38	18.96	18.90	27.44

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
EMC Corp	4,775,200	18⅝	+⅛
Compaq	4,532,000	38¾	+1⅜
Telefonos	4,178,600	33⅝	-⅜
Sears Roe	3,966,200	48	+2⅛
Wal-Mart	3,303,600	24	—
Ford Motor	3,166,200	25⅞	+⅛
Micron	2,788,200	48	+2⅜
WMX Tech	2,738,800	27	-⅛
K Mart	2,701,900	14⅝	-⅛
RJR Nabisco	2,686,600	5⅝	+⅛

TRADING ACTIVITY

● Volume (million)	Feb 8	Feb 7	Feb 6
New York SE	317.012	314.868	325.622
Amex	16.400	14.111	14.433
NASDAQ	328.110	300.641	272.909
NYSE			
Issues Traded	2,933	2,936	2,937
Rises	1,116	1,215	1,379
Falls	1,040	938	870
Unchanged	777	783	688
New Highs	72	65	88
New Lows	29	19	18

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - MOST ACTIVE STOCKS: Thursday, February 9, 1995

	Stocks Traded	Closing Prices	Change on day
Penta Ocean	16.6m	839	-45
Fudo Const	11.1m	1,230	-10
Sekai Ovex	8.0m	806	-2
Toyo Const	4.6m	683	-25
Ashikaga Bank	4.5m	674	-16
Sumitomo Const	4.5m	660	-40
Aoki Corp	4.1m	573	-21
Keihin E Exp	4.1m	578	+1
Nippon Steel	3.6m	348	-3
Michinoku Bank	3.3m	770	

4 pm close February 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	1995 Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
14¼	13	AAR	0.48	3.6	24	214	13⅝	13⅜	13⅜	-⅛
21⅞	19¼	A L Labs A	0.18	0.9	47	85	21⅛	20⅞	20⅞	
75¼	70⅛	AMP	1.64	2.5	26	1697	72¼	71	72⅝	+1⅝
59⅛	53⅜	AMR			23	6071	57½	56⅜	57¼	+¾
46⅜	41⅞	ASA	1.71	3.8	28	567	44⅞	44¼	44½	+¼
36	30¾	AbbtL	0.76	2.2	18	7611	35⅛	34⅞	35	
14	13¼	Abitibi Pr	0.50	3.7	12	60	13⅜	d13¼	13⅜	
24⅜	22⅞	ABM Ind	0.68	2.5	14	19	24⅛	24	23¾	-⅛
18⅝	14½	Acpimcain			11	153	15⅝	15⅜	15⅜	-⅛
25¾	21⅞	ACE Ltd	0.44	1.7	6	119	u25⅞	25⅜	25⅞	+⅜
9¾	9⅛	ACM Gvt In x	1.09	11.4	8	430	9⅝	8⅜	9⅝	+⅛
7½	1⅜	ACM GvOpp x	0.80	11.2		19	7¼	61⅛	7⅛	-⅛
7½	1	ACM Gvt Sp x	9.98	13.2		131	1⅝	7¼	7¼	-⅛
6¾	8	ACM Gvt Se x	1.08	13.1		142	6½	6⅜	6⅜	
8½	7⅝	ACM Man x	1.08	13.9		262	8	7¾	7¾	-⅛
1⅛	7¼	ACM Managd x	0.72	9.8		197	7½	7⅜	1½	+¼
16¾	10¼	AcmeCly	0.48	3.1	9	39	15¾	15⅝	15⅝	-⅛
21½	12⅛	Acme Elect			22	254	19⅞	19¾	19⅞	+⅛
54	31⅜	Acordia	0.72	2.1	17	26	u34	33½	33¾	+½
9¾	6⅝	Actava	0.36	2.5	3	1094	u19⅛	9¾	10⅜	+⅝
18¾	14¼	Acuson			21	10567	14⅛	d13	13⅜	-⅞
18⅜	15⅝	Adams Expr	0.36	2.2	8	52	u16½	16⅜	16⅜	
64½	53	Ad Micro	3.00	4.8		450	63⅜	62½	63	+1
22¼	35	AdvMic	3.28	9.6	9	17634	31⅜	00⅞	31⅛	+½
6⅜	5	Advest Grp	0.16	2.6	30	182	u6⅜	6	6⅛	+⅛
[illegible]										

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4 pm close February 9

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close February 9

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1995.

AMEX COMPOSITE PRICES

4 pm close February 9

AMERICA

Technology sector lifts Nasdaq index

Wall Street

US shares were mixed yesterday morning as the market entered a third day of uncertain trading in advance of more economic news today, *writes Lisa Bransten in New York.*

At 1pm the Dow Jones Industrial Average was up 8.08 at 3,943.45. The more broadly based Standard & Poor's 500 index, which hit a record intraday high on Wednesday, lost 0.29 at 480.90, and the American Stock Exchange composite put on 0.07 at 446.01. The Nasdaq composite rose 3.31 to 787.08. Trading volume on the New York Stock Exchange came to 188m shares.

Both the Dow and the S&P 500 have hovered near their record highs since the beginning of the week. By Monday's close the Dow had gained 106 points in five trading days; on Tuesday and Wednesday blue chips fell slightly but remained within 3 points of Monday's close. On Wednesday the S&P flirted with its record high of 482.00, but closed at 481.19.

Analysts attribnted recent sluggishness on the market to profit taking. Also some worry that the bullish turn taken last Friday after the release of higher-than-expected unemployment figures may have been premature. Concerns that inflationary pressures remain and could spark another interest rate increase by the Federal Reserve were heightened by data showing that fewer people than expected had filed first time claims for unemployment benefits last week.

Although initial unemployment claims are not considered extremely important figures, the strong figures were looked at warily as investors awaited more important data on producer prices to be released today.

Rising technology shares helped boost the Nasdaq more than other indices. The Pacific Stock Exchange Technology Index gained 1 per cent in morning trading. Intel gained $1⅞ at $78⅞, Apple Computer rose ${{11/16}} at $43 and Microsoft was up $⅛ at $61⅞.

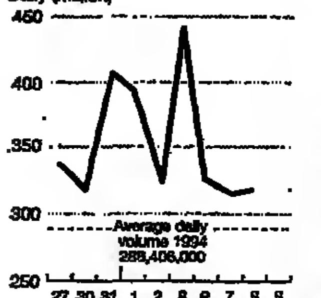
The Nasdaq, up 0.4 per cent, was somewhat restrained by falling prices in several biotechnology companies. Amgen, which jumped $5⅝ Wednesday on rumours thet it might be bought by Bristol Myers Squibb, fell back $4 to $66⅝ yesterday after the pharmaceuticals company quashed the rumours.

Market reaction was mixed for two btotech companias which rose with Amgen on Wednesday. Genzyme lost $⅝ to $39⅞ after rising $1⅞ on Wednesday, while Biogen was unchanged at $39⅞.

Black & Decker climbed $1⅞ to $25⅛ after it posted better than expected fourth quarter results. The tool company reported net income of 68 cents per share, while analysts had only expected 61 cents.

Aluminum Company of America, up $1⅞ at $80⅛, snapped back from several days of losses as cyclical issues in general reversed recent declines.

NYSE volume



Canada

Toronto registered gains in active midday trading, supported by strength in precious metals, banking and mining stocks. The TSE 300 composite index rose 8.23 to 4,112.38 in volume of 37m shares valued at C$481m.

Advances outpaced declines by 285 to 253 with 294 unchanged. Comex gold prices pared earlier gains, but remained higher at noon, and gold and silver led gains in eight of the market's 14 sub-indices with a rise of 78.43 to 8,660.94. Barrick Gold was C$⅛ higher at C$29⅞.

Telebras upsets Brazil

SAO PAULO dropped an early 5.5 per cent as a sharp fall in Telebras, the telecommunications group, triggered a sell-off in other blue chips.

The Bovespa index was down 1,950 at 33,613 in turnover of R$76m ($91.2m).

Telebras, whose preferred shares had lost 6.8 per cent to R$27.50 by midday, was affected by reports that the government's charter reform proposals did not include the company's privatisation.

Analysts also noted that a Merrill Lynch downgrade of Telebras weighed on overall sentiment. Petrobras preferred fell 5.6 per cent to R$84.50.

BUENOS AIRES tumbled 4 per cent in the first hour of trade, affected by Brazil's fall and further worries about difficulties in the local banking system. The Merval index was 19.47 lower at 398.34.

MEXICO was easier in late morning trading in a market dominated by local investors. The IPC index weakened 10.17 to 1,950.64. Volume was light at 11.9m shares valued at 88.8m pesos.

S African golds soar 7.4%

Johannesburg gold shares soared 7.4 per cent as the gold bullion price firmed and local, small buyers returned to what was seen as an oversold market.

The golds index rose 113.7 to 1,654.4, lifting the overall index 64.8 to 5,252.3. Industrials added 33.8 at 6,411.0.

Modest gains in industrials after their recent volatility were the result of expectations of strong corporate results due shortly. However, the continued strength of the financial rand deterred foreign interest, while fears on the outlook for interest rates made for some caution among local investors.

EUROPE

Frankfurt breaks through 2,100 resistance level

Bourses gained their impetus yesterday from derivatives markets in Germany, France, the UK, Switzerland and Sweden, *writes Our Markets Staff*, and it was remarkable, but logical, that weakness in US treasuries late in the European afternoon helped to take Continental equities off their highs.

It was an extraordinary day, said Mr John Blackley et James Capel in London. A number of market traders had been running quite large short positions on the view that bourses had e run last Friday and Monday and that a number of them were at or near resistance levels.

FRANKFURT broke through its resistance level, the 2,100 mark. The Dax index rose 25.07 to 2,112.69 on the session, and peaked after hours at 2,128.56 as the March bund future went through 91 on the upgrade. The key index closed 30.02 or 1.4 per cent higher at en Ibis-indicated 2,117.80 after debt markets subsided a little.

Ibis, the computer based trading system which, with 243 participants, hosts both pre and post-bourse business, had a market share of almost 40 per cent of trade in the top 30 Dax stocks in January, the bourse said. This was up from 34.2 per cent on average in 1994.

German stock market turnover rocketed from DM5.5bn to DM9.9bn, and there was talk of foreign and German institutional buying. BMW, Degussa and Thyssen all scored rises of more than 2 per cent, and BASF, Schering and Volkswagen came close.

Almost doubled profits from Viag left the utility based conglomerate up DM5.90 at DM503.40. The steelmaker Thyssen climbed DM7.50 to DM305.90 after an upbeat session with analysts on Wednesday; and spparent majority agreement on tbe banks' restructuring agreement left KHD, the engineer, up DM5.40 or 9.2 per cent at DM64.40.

PARIS, down 1 per cent on Wednesday, returned to health with a gain in the CAC-40 index of 23.53 or 1.3 per cent at 1,874.44.

Turnover was heavy at FFr4.3bn, with foreign institutions active.

There was high volume in stocks which either entered or left the index yesterday, with the entrants all suffering from profit-taking, having been well supported in the sessions leading up to the changeover: Eurotunnel declined 50 centimes or 2 per cent to FFr25.60, Renault retreated 70 centimes to FFr182.30 and PPR receded FFr10 to FFr1,020.

In contrast, those that left the CAC 40 traded higher: Euro Disney added 55 centimes or 5 per cent at FFr11.55, Casino FFr4.50 at FFr138.50 and CGIP FFr7 at FFr1,072.

Crédit Lyonnais CIs made FFr21 or 6.5 per cent to FFr345 as further unconfirmed details emerged about the government's rescue package for the troubled bank.

ZURICH was supported by firmer bonds and moderate demand from foreign investors, taking the SMI index 19.5 higher to 2,636.9.

Financials helped the market up from a weak opening on expectations that interest rates would continue to ease.

SBC firmed SFr5 to SFr384 and UBS bearers picked up from an early SFr1,026 to finish flat at SFr1,037 as investors overcame worries about a preliminary court ruling on its dispute with BK Vision over the introduction of a single class of share.

Among the big exporters which benefit from a firmer dollar, Nestlé rose SFr11 to SFr1,220 and Roche certificates overcame an early fall to finish SFr45 higher at SFr6,735.

Second liners continued to attract attention, with Schindler, the engineer, up SFr50 at SFr1,560.

AMSTERDAM moved forward during the afternoon on activity by foreign institutions. The AEX index put on 1.14 at 414.67.

ABN-Amro forecast strong earnings growth for Dutch companies in 1995, sustaining the high levels that were seen last year.

"A sharp turnround at a number of major companies is behind this strong market growth," the broker commented. "Dividends are expected to rise by 13 per cent in 1995 after an 11 per cent increase in 1994."

Royal Dutch, helped by positive opinions on the stock by UK houses, was among the session's best performers, rising Fl 1.00 to Fl 193.10.

MILAN erased early gains to finish marginally higher in a day dominated by technical trading ahead of today's expiry of options for the February account. The Comit index was 0.42 higher at 679.45, while the Mibtel index picked up from a low of 10,780 to finish 59 higher at 10,911.

Banks returned to the spotlight, with Ambroveneto's L159 or 3.1 per cent advance to L5,258 attributed to persistent rumours of a realignment of the bank's shareholder syndicate.

Recently underperforming insurers also continued to attract demand on expectations that they would benefit from planned government reform of the pensions system. Alleanza moved ahead L248 to L17,973, RAS rose L170 to L18,273 and Generali was L136 higher at L40,017.

STOCKHOLM took the prize for specific features as a rise in Swedisb interest rates was overshadowed by strong results, and a four-for-one stock split proposal from Ericsson.

The Affärsvärlden General index jumped 20.30 or 1.3 per cent to 1,558.80 in heavy turnover of SKr3.325bn, with Ericsson "B" SKr15.50 higher at SKr427.50 in SKr910m trade.

Volvo "B" advanced SKr4 to SKr146.50 in SKr733m on the expected disposal of its consumer products unit BCP.

MADRID rebounded after two days of profit-taking, the general index finishing 1.51 better at 289.11.

Written and edited by William Cochrane, John Pitt and Michael Morgan

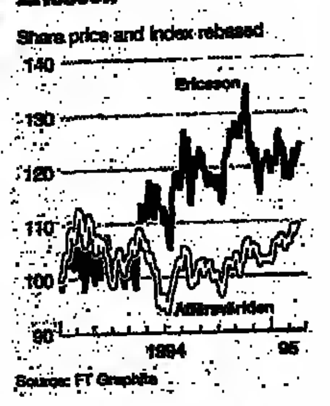
FT-SE Actuaries Share Indices THE EUROPEAN SERIES

Feb 9 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1335.15	1338.62	1340.37	1342.69	1345.64	1348.20	1348.26	1347.04
FT-SE Eurotrack 200	1394.09	1397.79	1398.82	1400.04	1401.99	1404.06	1404.63	1403.33

	Feb 8	Feb 7	Feb 6	Feb 3	Feb 2
FT-SE Eurotrack 100	1334.40	1340.47	1338.28	1324.25	1312.88
FT-SE Eurotrack 200	1389.29	1397.72	1393.17	1383.84	1375.16

Base 1000 (26/10/90); Highday: 100 - 1348.07; 200 - 1405.92 Lowday: 100 - 1335.15 200 - 1394.09 † Partial

Ericsson



Source: FT Graphite

ASIA PACIFIC

Shanghai B index tracks Hong Kong to 5.7% gain

Tokyo

Corporate selling ahead of the March year-end depressed share prices, and the Nikkei index lost ground for the third consecutive day, *writes Emiko Terazono in Tokyo.*

The 225 average fell 190.70 or 1 per cent to finish at the day's low of 18,099.55. It hit a high of 18,338.67 just before the morning close on buying of construction issnes, but saw its gain eroded later on profit-taking by overseas investors.

Volume came to 344m shares, against 327.4m. Corporate cross-trading, or the selling and buying of shares in order to realise profits ahead of the book closing period, lifted total activity.

The Topix index of all first section stocks retreated 11.40 to 1,412.71, while the Nikkei 300 dipped 2.56 to 258.55. Declines outnumbered advances by 588 to 376, with 184 issues unchanged. But in London the ISE/Nikkei 50 index ended 2.28 firmer at 1,153.54.

Traders said the rise in the yen had fuelled selling by overseas fund managers. Foreign exchange dealers, who had sold the yen following last month's earthquake in Kobe, were adjusting positions, buying back the Japanese currency. Foreigners sold construction issues which had gained sharply over the past three weeks and, in addition, liquidated holdings in high-technology and trading company stocks.

Penta-Ocean Construction, the day's most active issue, weakened Y45 to Y839, while Fudo Construction declined Y10 to Y1,230.

Brokers were the heaviest losers, due to reports of net losses for the current year to March. Daiwa Securities fell Y40 to Y1,120.

Retailers were among the few bright spots of the day: in department stores, Isetan rose Y20 to Y1,420 and Tokyu Department Store Y20 to Y620; Seiyu, the supermarket chain, added Y20 at Y1,180.

In Osaka, the OSE average shed 115.30 to 19,975.37 in volume of 104.9m shares. High-technology stocks continued to lose ground, with Rohm down Y140 to Y3,330 and Shima Seiki Y140 lower at Y6,060.

Roundup

The region went its own way, generally higher.

HONG KONG resumed its advance in e late afternoon buying surge inspired by the futures market. The Hang Seng index closed 120.05 or 1.5 per cent higher at 8,054.88 after reaching 8,084.47.

Financial shares were the day's main beneficiaries, with HSBC adding HK$1 at HK$80.

Cheung Kong climbed 60 cents or almost 2 per cent to HK$31.10 on fund buying after Morgan Stanley increased the issue size of its covered warrants on the stock.

Mainland Chinese companies listed in Hong Kong outperformed the market for a third consecutive day. The H-share index moved ahead 16.48 or 1.6 per cent to 1,024.96.

SHANGHAI'S B shares jumped 5.7 per cent in very active volume of 25m shares as they sought to catch up with the strong performance of Hong Kong since the start of the week. The index of US dollar-denominated stocks available to foreigners rose 2.98 to 54.85.

The index had fallen sharply in the previous three days in reaction to the Sino-US trade dispute over intellectual property piracy in spite of the gains in Hong Kong.

Shanghai's domestic A-share index put on 19.64 or 3.6 per cent at 569.70 in thin turnover.

KARACHI added 2 per cent to Wednesday's 1.8 per cent rise, mainly on domestic buying, although there was evidence of limited foreign support. The KSE-100 index rose 37.27 to 1,911.26 as volume improved to 16.8m shares.

Mr Muddassar Malik of BMA Capital Management in Karachi said the initial catalyst for the market's improvement had been the government's announcement earlier in the week of a three-year extension to the exemption from capital gains tax on share transactions. This had triggered short-covering, and selective buying of blue chips which had been sharply marked down last month. For instance, ICI Pakistan, up Rp7 to Rp226 yesterday, had gained some 25 per cent over the last 10 days.

KUALA LUMPUR resumed its advance as retail investors returned amid renewed optimism over the market's short term prospects. The composite index closed 6.28 up at 971.03, although the rise was capped by a 20-cent fall to M$10.10 in Tenaga Nasional.

Speculative and gaming stocks were the day's main attraction. Olympia rose 21 cents to M$2.60. Multi-Purpose Holdings jumped a further 28 cents to M$4.2 2 amid rumours of a renewed takeover bid.

SEOUL remained upbeat throughout the day in spite of fairly extensive profit-taking: the composite index was ahead 5.77 at 964.12, after 968.21.

Posco, the steelmaker, hit its upper limit for the second straight session, advancing Won2,000 to Won61,800, in the belief that the stock was undervalued.

SINGAPORE ended lower in a continuation of the consolidation phase after the market's recent strong advanee, although dealing in Malaysian shares traded over the counter remained buoyant. The Straits Times Industrial index lost 6.61 at 2,085.01 after an intraday high of 2,096.95, while the UOB OTC index, tracking Malaysian stocks, rose 22.57 or 2.1 per cent to 1,113.01.

DBS Land shed 10 cents to S$3.50, although news that the company's Pebble Bay project was being launched at an average of around S$750 per square foot was viewed positively by some property analysts.

BOMBAY reversed an early mild fall to close marginally higher on covering by several brokers who had short-sold shares in the past two weeks. The BSE-30 index gained 7.30 points at 3,555.57, although the mood remained cautious as elections began in Maharastra.

TAIPEI gained ground in spite of a late burst of profit-taking in the textile and paper sectors. The weighted index climbed 16.68 to 6,543.42 in turnover of T$62.06bn, against Wednesday's T$48.62bn.

The cement sector outperformed the market at the close as price increases were announced: Chien Tai Cement appreciated T$1 to T$31.20.

SYDNEY recovered some ground on bargain hunting after recent sharp declines. The All Ordinaries index put on 10.3 at 1,833.6. Volume was 191m shares worth A$569m.

A firmer gold price also prompted some buying interest, but lower commodity prices kept mining stocks under pressure.

Among the actives, BHP rose 16 cents to A$17.98 and News Corp 18 cents to A$5.54.

MANILA moved up slightly on buying of selected blne chips. The composite index put on 6.90 at 2,563.30.

WELLINGTON reversed a firm morning trend to close slightly down, after selling occurred in Telecom, off 4 cents at NZ$5.36. The NZSE-40 Capital index lost 4.57 at 1,968.58 in turnover of NZ$50m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. In conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 8 1995								TUESDAY FEBRUARY 7 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	157.95	-1.4	150.81	98.67	125.74	141.08	-1.3	4.09	160.27	152.58	100.67	127.95	142.93	187.23	157.95	187.23
Austria (16)	167.48	-0.5	159.90	104.62	133.32	133.36	-0.7	1.22	168.23	160.16	105.66	134.29	134.25	198.89	167.46	187.18
Belgium (35)	166.86	-0.3	159.32	104.24	132.83	129.72	-0.5	4.25	167.38	159.34	105.13	133.61	130.41	177.04	161.53	165.05
Brazil (28)	137.41	-1.3	131.20	85.84	109.38	211.19	-1.4	1.23	139.24	132.55	87.46	111.16	214.27	-	-	-
Canada (103)	126.94	0.0	121.20	79.30	101.05	128.36	0.1	2.72	126.97	120.87	79.76	101.36	128.28	141.01	120.54	137.48
Denmark (33)	255.45	0.2	243.90	159.57	203.35	209.31	-0.1	1.42	254.87	242.63	160.08	203.46	209.43	275.27	236.61	265.23
Finland (24)	186.24	-1.0	177.82	116.34	148.26	184.63	-1.3	0.75	188.14	179.10	118.17	150.18	186.99	201.41	133.88	150.82
France (101)	162.83	-0.5	155.46	101.72	129.62	135.28	-0.8	3.18	163.61	155.75	102.77	130.61	136.38	181.44	157.79	178.54
Germany (58)	142.37	0.1	135.93	88.93	113.33	113.38	-0.2	1.84	142.25	135.42	89.35	113.56	113.56	150.40	128.94	129.90
Hong Kong (56)	319.71	-0.8	305.26	199.72	254.51	317.34	-0.8	3.86	322.37	306.89	202.48	257.35	318.98	464.98	277.40	462.16
Ireland (16)	211.21	0.1	201.66	131.94	168.14	192.76	0.1	3.31	211.07	200.93	132.57	168.50	192.66	216.60	177.56	196.63
Italy (58)	81.42	-0.2	77.74	50.86	64.81	98.20	-0.3	1.58	81.56	77.64	51.23	65.11	98.49	97.79	67.26	76.42
Japan (484)	144.36	-1.0	137.83	90.18	114.92	90.18	-1.5	0.84	145.84	138.83	91.60	116.42	91.60	170.10	138.45	148.71
Malaysia (97)	471.27	-0.3	449.97	294.40	375.18	462.92	-0.3	1.82	472.56	449.86	296.81	377.24	464.55	594.76	398.16	507.25
Mexico (18)	1108.93	0.3	1058.79	692.73	882.77	6480.56	0.4	1.58	1105.62	1052.51	694.43	882.60	6455.12	2647.06	984.79	2594.98
Netherland (19)	218.57	0.2	209.65	137.16	174.79	172.04	0.0	3.36	219.14	208.62	137.64	174.94	172.11	223.30	191.28	202.04
New Zealand (14)	72.28	-0.1	69.02	45.18	57.55	60.91	0.1	4.81	72.36	68.89	45.45	57.77	60.85	77.20	62.05	75.36
Norway (23)	212.67	-0.6	203.06	132.85	169.30	193.37	-1.1	1.79	214.46	204.16	134.70	171.20	195.47	216.03	177.53	200.06
Singapore (44)	345.56	-0.3	329.94	215.87	275.09	231.81	-0.7	1.85	346.51	329.87	217.65	276.62	233.46	401.38	294.66	349.23
South Africa (58)	301.17	-0.1	287.55	188.14	239.75	260.67	-0.7	2.56	301.49	287.01	189.37	240.68	262.60	342.00	205.55	258.21
Spain (38)	133.29	0.0	127.26	83.26	106.11	132.98	-0.5	4.27	133.27	126.87	83.71	106.39	133.64	151.30	124.67	151.30
Sweden (48)	240.88	-0.6	230.00	150.48	191.77	265.89	-0.7	1.53	242.43	230.79	152.27	193.54	267.86	242.88	198.70	221.58
Switzerland (47)	165.75	0.1	158.25	103.54	131.94	133.07	-0.3	1.98	165.55	157.59	103.98	132.15	133.50	169.42	149.91	166.51
Thailand (46)	153.27	-1.7	146.34	95.74	122.01	149.10	-1.7	2.73	155.85	148.37	97.89	124.42	151.67	-	-	-
United Kingdom (204)	193.35	-0.3	184.61	120.78	153.92	184.61	0.0	4.20	193.90	184.59	121.79	154.79	184.59	207.18	181.11	207.18
USA (513)	197.31	0.1	188.39	123.25	157.07	197.31	0.1	2.84	197.13	187.66	123.82	157.37	197.13	197.31	178.96	191.56
Americas (862)	181.37	0.1	173.17	113.30	144.38	151.94	0.1	2.80	181.24	172.54	113.84	144.68	151.83	-	-	-
Europe (720)	169.48	-0.2	161.81	105.87	134.91	150.73	-0.3	3.09	169.80	161.64	106.65	135.55	151.18	176.01	160.59	172.61
Nordic (126)	230.68	-0.6	220.25	144.10	183.63	216.10	-0.7	1.41	231.95	220.81	145.69	185.16	217.68	233.91	197.70	213.49
Pacific Basin (809)	152.08	-1.0	145.21	95.00	121.07	99.27	-1.4	1.23	153.60	146.22	96.48	122.62	100.72	176.88	145.93	161.19
Euro-Pacific (1529)	159.24	-0.6	152.04	99.47	126.76	118.14	-0.8	2.05	160.25	152.56	100.66	127.93	120.25	175.14	154.73	165.75
North America (616)	192.95	0.1	184.22	120.53	153.60	192.63	0.1	2.83	192.79	183.53	121.09	153.90	192.46	192.95	176.67	188.20
Europe Ex. UK (516)	152.75	-0.1	145.85	95.42	121.60	130.57	-0.4	2.47	152.96	145.61	96.07	122.11	131.13	158.12	144.12	150.69
Pacific Ex. Japan (325)	228.45	-0.6	218.12	142.71	181.86	202.24	-0.8	3.31	230.35	219.30	144.69	183.90	203.95	280.97	211.19	280.97
World Ex. US (1737)	159.82	-0.6	152.60	99.84	127.23	122.20	-0.9	2.07	160.80	153.08	101.00	128.37	123.30	176.66	155.42	167.61
World Ex. UK (2046)	168.88	-0.4	161.25	105.50	134.44	140.66	-0.8	2.18	169.46	161.35	106.46	135.30	141.50	178.59	163.46	171.44
World Ex. Japan (1766)	186.90	-0.1	178.45	116.79	148.79	177.63	-0.1	2.94	187.08	178.09	117.50	149.34	178.07	192.00	176.34	190.02
The World Index (2250)	171.94	-0.3	163.31	106.85	136.16	144.61	-0.5	2.35	171.65	163.40	107.81	137.02	145.38	180.80	165.92	174.56

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هكذا من الاصل

RECRUITMENT

JOBS: The business case for paying close attention to employee issues

Happy workers can generate high profits

Are unions good for business? A question sucb as this would probably have been laughed off the page 10 years ago, dismissed as absurd in its very naivety.

Yet, according to an academic who has been no stranger to this column over the years, even the most anti-union companies in the US are no longer able to ignore the successes of competitors which have chosen to accept, and even encourage, collective organisation among their employees.

In his latest book, Competitive Advantage Through People, Jeffrey Pfeffer, professor of organisational behaviour at Stanford Gradnate School of Business, points to the five top performing US companies between 1972 and 1992 in terms of percentage returns on their shares: Southwest Airlines, Wal-Mart, Tyson Foods, Circuit City and Plenum Publishing. All, he writes, have one thing in common: not a reliance on technology, patents, or strategic position, hnt in the approach they use to managing their workforces.

Pfeffer was speaking to former students in London last week about potential solutions to the employee malaise that is sweeping the US and manifesting itself in parts of the UK workforce. That there is a deep employee disenchantment in what prides itself as one of the the world's most deregulated labour markets was confirmed in a recent survey carried out for President Bill Clinton's commission investigating employer-labour relations. It found widespread dissatisfaction with jobs and distrust of managements.

Pfeffer was urging managers to consider employment practiees which many companies appear to have ignored in the clear-outs of the last few years. Security of employment, union membership, high wages, full-time employees and greater employee share ownership, said Pfeffer, should not be regarded as millstones to competitiveness, but as features that can help define successful companies.

He left some members of the eudience wondering if he was preaching a form of corporate socialism. Many of his ideas seemed to conflict with the political dogma supported by most employers' bodies in the US and the UK. Pfeffer, however, was advancing e business argument.

In addition to his five top performers, he threw into the pot a few more companies such as Nordstrom, Lincoln Electric and the New United Motor plant of the Toyota-GM joint venture at Fremont, stressing thet all had echieved exceptional economic returns in highly competitive and often mundane industries.

Their secret was to pay close attention to the needs of their workforces. A common mistake made by many employers, said Pfeffer, was to confuse labour rates with labour costs. High pay, in both motivating and ettracting a more productive workforce, he argued, could be e far more cost effective approach to employment than having e low paid unprodnctive workforce.

To make his point he offered these 1991 statistics which show that compared to everages for the US airline industry, Southwest Airlines had fewer employees per aircraft (79 against 131) and flew more passengers per employee (2,318 against 848).

Some of the airline's success in the high volume-low cost air travel market involved other factors such as e 15 minute turn-around for aircraft, hut even that needed highly motivated and reactive employees to make it possible.

Another important ingredient of the Southwest Airlines formula can be found in its charismatic chief executive, Herb Kelleher, who has a hands-on approach to the business. He is as likely to be found serving in-flight peanuts, chatting to passengers and staff or shifting luggage in the baggage handling bays as in the boardroom.

Kelleher has put a late 20th-century gloss on a discovery of the more enlightened employers of the 1920s and 1930s: that a bappy workforce pays productive dividends. As Pfeffer said: "You can't provide a great customer service if your employees are miserable."

Southwest airlines, he said, had the lowest staff turnover and best labour relations in the US airline industry and also the most productive people in the industry. Part of this formula is in operating e "fun to be at work policy". This is epitomised in some of its recruitment advertisements. In one Kelleher is dressed as Elvis Presley and the slogan says: "Work in a company where Elvis has been spotted".

Nordstrom, the department store chain, puts e strong emphasis on commissions for staff, but competitors who have introduced similar systems have not enjoyed the same results and some have found that it has led to grievances. The secret seems to be not so much in what is done as how. As Pfeffer observes in his book, the workplace policies of these successful companies have proved difficult to imitate.

Another feature of the company policies he is examining is that many of them are not new. Lincoln Electric's incentive management programme has its roots in e system of elected employee representatives to an edvisory board first established in 1914. It also pays well. Some of its most skilled hourly-paid production workers are drawing $100,000 a year.

Many of the companies, including Lincoln Electric, Nordstrom and Wal-Mart, have promotion from within. Many also ruo their operations with few part-time employees, preferring more committed full-time workers.

Some companies which have embraeed union involvement, he writes, have found that union hostility was far less pronounced than might have been expected. When the joint venture between Toyota and General Motors occupied the Fremont plant formerly run by GM, most of its recruits were from the United Auto Workers union, including the union hierarchy that had dominated in the old GM factory. Recruitment was carried out jointly by management and union officials. The selection process included an arbitration procedure to handle disputes over selection.

Employees went through a three-day selection and assessment procedure. All bad a four-day orientation programme explaining team working, the production system, quality system, attendance rules, safety polices and labour relations, and job security was formally written into the contract.

All those in production wore the same blue smock and management cafeterias and reserved parking disappeared. Many job classifications were elso removed. Instead of inspectors, for example, inspection became everyone's job. The result was that absenteeism fell dramatically.

Another feature, highlighted and supported by Pfeffer is "wage compression", meaning that team leaders earn little more than other team members.

His argument for greater wage compression – creating less of a disparity between the pay of the highest and lowest paid employees – would seem to have lessons in the debate over increasing pay levels for some of the UK's top company chiefs. In his book, Pfeffer argues that where there is no great disparity between lower and higher paid employees, pay is likely to be less emphasised in the reward system and the company culture. In those circumstances, be writes, people are not constantly worrying about whether they are compensated appropriately and attempting to renegotiate their salaries.

Pfeffer quoted a recent survey where employers were asked to list the most important requirements for improving the business. Most placed advanced computer technology at the top of their list.

"When everyone has the same computer technology, where is the competitive advantage" We are looking for the technological fix," said Pfeffer, adding: "It's easy to talk about the competitive advantage of people. It's hard to do it."

Competitive Advantage Through People is published by Harvard Business School Press, £24.95

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To apply, please write in English quoting reference number FT0295 to: Mr Ernst Mahel, Principal Manager, Human Resources, European Bank for Reconstruction and Development, One Exchange Square, London EC2A 2EH.

All applications will be acknowledged.

Please help by not telephoning.

Old Mutual Portfolio Managers is a rapidly growing asset management company. It has a stable, committed team of investment professionals and has delivered superior investment performance for its clients over several years.

A very successful track record in managing European equities has been established, which has led to a strong rise in the assets under management.

EUROPEAN EQUITIES

We now wish to recruit an assistant European Portfolio Manager. The successful candidate will be highly numerate & will have a good academic record. Some experience of equity markets is essential although this may not necessarily have been gained in an investment management role.

Each member of the team is self-motivated, energetic and committed to standards of investment excellence. We are offering a competitive remuneration package.

To apply for the position, please write, enclosing a full CV to: Talal Shakerchi, Old Mutual Portfolio Managers Limited 2 Bartley Way, Hook, Basingstoke, Hampshire, RG27 9XA, England.

OLD MUTUAL

RCG/HAGLER BAILLY, INC.

International Management Consultants

RCG/Hagler Bailly, Inc. requires professionals at all levels for careers as international management consultants. Our assignments involve restructuring electric power sectors, developing electricity legislation, establishing electricity regulatory agencies, corporatizing newly formed electric utility companies, providing management and organizational advice to energy companies, and introducing private investment in the power sector.

Kazakhstan-Resident Power Restructuring Expert

For our contract with USAID to assist energy sector reform in the former Soviet Union, we now require a resident advisor in Almaty, Kazakhstan for 12-24 months. This expert will advise senior government and utility officials on power sector restructuring and regulatory reform, and will manage teams of consultants in Kazakhstan. Position requires a self-starter, highly motivated, U.S. citizen with senior management-related electric utility experience. Prefer experience as a senior consultant, senior financial manager of an electric utility, or senior member of an electric regulatory agency. Economics or engineering degree with MBA preferred. Require strong technical writing and other communication skills. Relevant international experience and Russian language skills highly desirable.

For either of the above, forward resume in confidence to David Keith, Vice President, RCG/Hagler Bailly, 1530 Wilson Blvd, Arlington VA 22209 Fax 1-703-351-0342, by 15 March 1995 EOE/H/V

Lazard Investors

Private Clients
Senior/Assistant Portfolio Managers

Lazard Investors, the fund management division of Lazard Brothers, currently manages assets of around £4.5 billioo on behalf of a wide range of international and domestic clients.

The success of our private client team, which is responsible for 20% of the assets under management, has led to the creation of opportunities for two new members of the team, ooe a senior portfolio manager, the other, an assistant portfolio manager.

Applicants should be graduates and/or professionally qualified and fluent in a second language. The senior portfolio manager, who will be responsible for a number of clients' international investment portfolios and for marketing to potential oew clients, should have at least five years previous experience of private client portfolio management.

The assistant portfolio manager, who will report to one of our private client portfolio directors, should have had one or two years previous financial services experience, preferably gained within securities markets.

Interested candidates who meet our criteria should send their curriculum vitae, including present remuneration details and cootact telephone numbers, oo later than Friday, 24 February to:

Sarah Barber
Personnel Department
Lazard Brothers & Co., Limited
21 Moorfields, London EC2P 2HT

ACCOUNTANCY APPOINTMMENTS

General Electric USA — GE Capital Europe Limited

Manager, European Compensation & Benefits

Excellent Remuneration Package — Central London

GE Capital Services (GECS), the financial subsidiary of General Electric USA is one of the largest and most profitable diversified financial services companies in the world with revenues of $1.8 billion. Currently thirteen businesses in Europe provide financing, leasing and loan servicing for capital equipment, consumer services and speciality insurance. GECS is a high growth oriented business employing 5000 people throughout Europe.

THE POSITION

- Provide compensation and benefits leadership and advisory function for all GECS businesses in a highly matrixed organisation.
- Develop, plan and review compensation, benefits and variable bonus schemes in line with strategic business objectives.
- Review compensation plans for acquisition targets and ensure their implementation.
- Manage human resource projects in staffing, labour, law, personnel policies and practices.

THE PERSON

- Graduate with experience in compensation/benefits consulting firm.
- Previous background in a multinational matrix business environment is an advantage.
- Excellent presentation skills at senior management level.
- Strong analytical abilities with more than one European language highly desirable.
- Strategist skilled in variable compensation schemes designed to meet business objectives.

General Electric USA is not affiliated with the English company of a similar name.

If you wish to apply for this position, please send your C.V. with current salary details quoting ref 5530/J to Nigel Rose, K/F Associates, Concorde House, Trinity Park, Bickenhill Lane, Solihull, Birmingham B37 7ES.

K/F ASSOCIATES
Selection & Search
KORN/FERRY CARRÉ/ORBAN INTERNATIONAL

To £75,000 + bonus + benefits — *FTSE 100 Division* — *South West*

European Finance Director

Key role at the heart of one of the UK's most successful and acquisitive businesses, advising the CEO of a £250 million turnover division with operations throughout the UK and the Continent on realising revenue generating opportunities whilst maintaining renowned controlled disciplines. First-class prospects to progress in either Group finance or the line, both in the UK and internationally.

THE ROLE

- Supporting the Managing Director by providing a prompt, accurate and business-focused finance service, ensuring that tight financial control is maintained.
- Playing a key role in formulating the financial strategy by providing a framework to evaluate opportunities and advise on implementation in the operating companies. Drive further cost reduction initiatives.
- Identifying and assessing acquisition opportunities throughout Europe, liaising with operational management in the US and functional specialists in plc head office.

THE QUALIFICATIONS

- Ambitious graduate Accountant, aged 35+, with first-class costing and financial control skills gained in an international manufacturing or engineering environment. Second European language advantageous.
- Team player with superior interpersonal and leadership skills, honed in a complex, matrix managed business. Able to present to a demanding audience, both internal and external.
- Reliable business adviser, capable of generating business solutions and ensuring consistency in implementation.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, Ref. [illegible], 16 Connaught Place, London W2 2ED

هكذا من الأصل

ACCOUNTANCY APPOINTMENTS

Group Treasurer

Central London **Salary: c.£75,000 plus benefits**

▪ Our client is an international oil company providing the petroleum industry with a wide range of services covering financial, personnel and office administration and full technical and engineering activities. To meet the increasingly sophisticated support demands made on it, the company is inviting applications for the post of Group Treasurer to augment its existing financial department.

▪ The successful candidate will work alongside the Company's Financial Controller and will be responsible for formulating and executing treasury policies with particular reference to funding, cash calls and investment management.

▪ In addition to the normal treasury activities, the Treasurer will research and recommend the structure, the application and sources for the funding of new projects and will closely monitor the performance of existing investments.

▪ The successful candidate is likely to have had at least 15 years experience in financial management, including treasury work, some of it preferably gained in a multinational oil company environment. Maturity of attitude and an ability to work effectively in a multinational and multicultural environment are essential as well as management skills. A good working relationship with the City's financial and banking community would be highly desirable.

▪ Candidates are expected to be Chartered Accountants or members of the Association of Corporate Treasurers. The job is based in London but will entail some travelling abroad.

▪ **Please send your curriculum vitae with current salary details and an explanation of how you meet these requirements to Suzanna Karoly, Ernst & Young Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference SK555.**

ERNST & YOUNG

PRP

EXECUTIVE SELECTION

Group Finance Director

Health care products

to £70,000 + car + substantial bonus + share options

Surrey

Our client is the market leader in a specialised sector of the health care market. The Group is focussed on manufacturing and direct selling of high quality products and is led by enlightened management with genuine entrepreneurial flair. As a result remarkable growth has been sustained in both revenue and profits. Current Group turnover is approaching £25m and there is considerable scope for further substantial expansion, both organically and through acquisition. The Group recognises the need at this stage to supplement their Board with a Finance Director of exceptional talent and entrepreneurial ability, to provide guidance in the areas of business and financial strategy and to prepare the Group for potential flotation.

THE POSITION

- Contribute substantially to the overall direction and strategic development of the Group.
- Provide functional control for all aspects of financial management and accounting, including related management information systems.
- Ensure the highest quality financial public relations are maintained particularly with city institutions and provide astute leadership as the Group prepares for flotation.
- Provide management skills and expertise in the areas of acquisitions, disposals, new products, new markets, overseas expansion, investment management and treasury.

THE REQUIREMENTS

- A qualified accountant, aged 32-42, with a minimum of ten years in a senior financial management position, ideally you will have been a Board member of a dynamic company.
- Experience of direct interaction with city institutions on corporate finance issues, preferably in respect of a corporate flotation.
- A broad-based business understanding and a strong commercial acumen combined with real entrepreneurial instincts.
- An enthusiastic team player, with an assured and mature professional style, strong communication skills and the ability to build effective relationships both internally and externally.

Interested candidates should write enclosing a full CV and current salary details, quoting ref. 256 to:
PRP Executive Selection,
Thornton House, Thornton Road.
London SW19 4NG.
Telephone: 081 944 1592.

Philip Rice PARTNERSHIP

FMS

FINANCIAL SEARCH & SELECTION SPECIALISTS

CORPORATE FINANCE MANAGER

Global Investment Banking Group

City

£ Highly Competitive

Age 26-32

Our client is a global investment banking group with a high-profile reputation in cross border transactions.

Increasing volume of work has necessitated the need to recruit an experienced corporate financier to take up a proactive managerial role in this commercially-focused environment.

Responsible for transaction structuring and management, the role will also encompass business development across a broad range of industry sectors.

Candidates will be ACA and/or MBA qualified with at least two years experience gained in either a leading investment bank or high-profile corporate finance boutique.

An ability to communicate effectively at board director level, drive and the business acumen to identify and develop business opportunities are pre-requisites.

A second European language would be a distinct advantage.

Interested individuals should telephone Norrie Sinclair on 0171 405 4161 (Fax: 0171 430 1140) or evenings on 0171 736 5165. Alternatively write to him at FMS, Recruitment Consultants, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY, enclosing a full Curriculum Vitae and a note of current package.

A MEMBER OF THE PSD GROUP

European Taxation Manager

Bristol

c£40 - 45,000

Part of a £3 billion turnover group, my client is a large multi-national with sales of £1300 million and sixty manufacturing sites across two continents. A sector market leader with a strong presence in the UK, they enjoy a reputation for technical excellence and a commitment to continuing innovation and investment.

The Role

- Reports to the Corporate Director of Taxation based in Switzerland.
- Responsible for the efficient management of the company's European tax affairs, including planning and compliance work, as well as special tax-related projects. Particular emphasis on UK matters.
- Part of the European management team and actively involved in the company's financial decision process.

The Candidate

- Ideally at least five years experience of international tax planning gained in a commercial environment.
- Must possess a sound knowledge of UK taxation, preferably with some exposure to VAT planning.
- Pro-active, commercially minded, equally effective with Board level at Head Office and Business Unit Managers in the field.

Please submit in confidence a comprehensive c.v. quoting Reference 157/FT to:
Keith Townrow & Partners, Aztec Centre, Aztec West, Bristol BS12 4TD. Tel: 01454 614373.

KEITH TOWNROW AND PARTNERS EXECUTIVE SEARCH AND SELECTION

London **To £75,000 + Benefits**

Our client is a successful group which specialises in high growth areas within the publishing sector. Currently medium sized, it is listed, has an entrepreneurial, fast moving culture and is essentially a people oriented business. The demand for the highest quality of financial management and reporting has led to the need to recruit a Finance Director.

Responsible to the Managing Director, key challenges include the development of a well organised and efficient finance department, effective real-time management accounting information, participation in commercial decision making, strategic planning and the cultivation of excellent shareholder and other external relationships.

Probably aged late 30's – 40's, applicants must be intelligent, qualified accountants with experience gained in people oriented, business to business service companies. A proven command of management accounting is needed together with computer literacy and excellent planning experience. Applicants must also possess good communication skills, an inquisitive, pragmatic approach and a mature, commercial outlook.

Interested applicants should send a comprehensive c.v. including current salary and daytime telephone number to Phillip Price ACA, quoting reference 3447 at Touche Ross Selection & Search, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

International Tax

European Project Manager

c.£35k + benefits and relocation

Price Waterhouse is a leader in advising employers on international assignments. Our unique approach provides major cost savings to corporate clients, by combining our skills in international tax, social security planning, expatriate policy construction & review and the use of advanced expatriate tax software.

The success and continued growth of our business has created tha need for a high calibre manager to join our European Expatriate Technology Group based in Southampton. The work is varied, technically challenging and will involve the day-to-day management of a number of special project studies and reviews for a wide range of blue-chip clients. The role will involve supervision of junior staff, review of expatriate tax software calculations, analysis of tax & social security planning techniques, and production of final reports.

As our clients are located in a number of countries, this role will call for travel within Europe.

You will have a background in international corporate or expatriate tax, excellent project and people management skills, a high level of computer literacy, and as you will be expected to help us develop our market, presentation skills are important.

We offer an excellent pay and benefits package, including Profit Related Pay, a car and relocation to the attractive Southampton area.

Prospects in this role are outstanding – there is great potential for further growth in this business area, and therefore significant opportunities to advance within the specialism.

If you are interested in this exciting appointment, please contact Ailsa McClung:
Price Waterhouse,
No. 1 London Bridge,
London SE1 9QL.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BEVERLEY · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · HULL · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND, THE CHANNEL ISLANDS AND THE ISLE OF MAN

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

BUSINESS FINANCE MANAGER

DYNAMIC CUSTOMER SERVICE GROUP

WEST OF LONDON **c.£40,000 + SIGNIFICANT BONUS POTENTIAL + BENEFITS**

- The Group is market leader, providing high quality personal services to corporate and private customers in an increasingly competitive sector. Turnover is in excess of £1 billion.
- Wide reaching change programmes are underway, which are having a clearly visible effect on business efficiency and customer responsiveness. In line with this, the structure has been organised into strategic business units.
- The Finance Manager will be a key member of the management team in one of the major SBU's reporting in at Director level. Central to the role will be the interpretation of management information produced by the Chief Accountant's team at the centre, and provision of financial input to business decisions.
- A commercially minded qualified accountant, aged early 30's, with a background in a fast moving, customer focused business. Experience of the financial services sector would be particularly attractive.
- A natural team builder, the successful candidate will be comfortable as part of a demanding sales and service environment, resilient by nature and capable of handling a heavy workload. Self-motivation, energy and drive will be important personal qualities.
- The remuneration package will include significant bonus potential and the position offers excellent scope for career progression within the Group.

Please apply in writing quoting reference 870
with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
43 Welbeck Street, London W1M 7HF
Tel: 0171 637 8736

Whitehead SELECTION

A Whitehead Mann Group PLC company

Finance Director Designate

International media

London **£40-45,000 + Benefits**

Our client is a worldwide market leader operating in the exciting and rapidly developing media and entertainment industry. In order to exploit the unparalleled opportunities within the exciting International Television marketplace a high calibre Finance Director Designate with vision, drive and enthusiasm is sought to join the Headquarters team in London.

Reporting directly to the General Manager and the Vice President Finance, you will assume full responsibility for financial management and strategic development in a highly entrepreneurial environment.

This will encompass monthly analysis and reporting of business unit operating performance, capital budgeting, programme acquisition, cost control together with annual and 5 year planning. The developmental nature of the role will require significant involvement in ad-hoc projects systems, enhancements and other resource management issues.

Clearly this is a demanding opportunity, therefore the successful candidate must be able to demonstrate a strong record of achievement in their career to date. As a Big 6 trained ACA, you will have 3-5 years post qualification experience gained within a fast moving competitive environment. A self-starter with the ability to interact with senior management on a cross functional basis, you will have a thorough understanding of financial management techniques and financial modelling. Most importantly, you must display the talent, creativity and toughness to progress within a truly unique business.

Interested applicants should forward their curriculum vitae to Nigel Milford, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Please quote reference 220245.

MP

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

APPOINTMENTS WANTED

Passed Finalists List

CIMA

The names given below are successful candidates in CIMA's Stage 4 (final) examination taken in November 1994. In the United Kingdom the pass rate was 40.69%. The pass rate for home and overseas students combined was 30.62%. The locations given are those of the exam centre where the candidates sat.

A

R ABDUL AZIZ, London East; N ABDUL RAHMAN, London North; AB ABDULLAH, Kuala Lumpur; PK ABELL, York; PJA ABETON, Basildon; SP ABEYESEKERE, Colombo; S ABI ' SINGHA, Colombo; A ABRAHAM, Reading; AJ ABRAHAMS, Maidenhead; SP ACKLAM, Nottingham; HD ADAMS, Leeds; MG ADDLEMAN, Bristol; RJ ADEN, Aberdeen; JWY ADLAM, Brighton (Hove); JH AGNEW, Leicester; AK AL SHAER, Dubai; LF ALDOUS, London North; KS ALDRED, Blackburn; EJH ALEXANDER, Luton; IA ALEXANDER, Colombo; ST ALLAN, Glasgow; MA ALLEN, Johannesburg; PS ALLEN, Belfast; AP ALLEYNE, Wednesbury; LC ALOZIE, London South; C AMBLER, Coventry; M AMISSAH, Birmingham; RM AMOS, Wednesbury; JM ANDERSON, Luton; RL ANDERSON, Birmingham; JH ANDREWS, Southampton; ANG KEAT LEE, Kuala Lumpur; A ANKERS, Manchester; MA ANNANDALE, Pretoria; AT ANTHONY, Colombo; MDC ANTHONY, Barking; M ANTHONY CROOS, Madras; B ANUAR, London East; AV APPLEYARD, Sheffield; M ARASARATNAM, London Central; HJH ARBUTHNOTT, London Central; A ARIFFIN, London South; RS ARIYUR, Bahrain; SM ARMSTRONG, Manchester; S ARUMUGATHASAN, London East; S ARUNASALAM, Colombo; PR ASHDOWN, Swindon; S ASHDOWN, Orpington; WS ATHERDEN, Maidenhead; CL ATKINSON, Preston; JC ATKINSON, Winchester; JJ ATKINSON, Liverpool; DM ATTRIDGE, Cork; CM AUSTIN, Winchester; MS AYER, Brighton (Hove); SS AYUB, Leicester;

B

SJ BADGER, Exeter; KW BAILEY, Southampton; LD BAIRD, Swindon; A BALABASKARAN, Colombo; GW BALDWIN, Middlesbrough; TL BALDWIN, Stoke; C BARKER, Manchester; L BARKER, Manchester; ML BARNETT, Manchester; NJ BARNETT, London Central; JA BARRETT, Derby; SR BARRINGTON, London Central; LS BARRY, Croydon; NCM BARTON, Maidstone; S BARTON, Cardiff; AD BATES, Leeds; P BATTEN, Southampton; MT BATTERSBY, Wigan; GC BAYLY, Cape Town; M BEATTIE, London South; JC BEAUMONT, Worthy Down; CM BEAVER, Preston; KM BECK, Brighton (Hove); KA BEESE, Bristol; MA BEITH, Croydon; J BELCHER, Nottingham; SF BELL, Manchester; JE BEMROSE, Nottingham; TM BENNISON, Newcastle; TR BENT, London North; C BENTLEY, Swindon; SA BERRY, Taunton; AM BETT, Northampton; GM BETTS, Brighton (Hove); R BHAHIRATHAN, London North; MMA BIEMANS, Johannesburg; SJ BINES, Orpington; L BINGHAM, Wednesbury; JA BINNINGTON, Luton; SM BIRCHALL, Wigan; L BIRKETT, Wigan; LM BISCHOF, London Central; CA BLACK, Maidenhead; K BLACK, Johannesburg; JC BLACKMAN, Glasgow; AL BLAIR, Belfast; JL BLAIR, Manchester; KJ BLATCHER, Maidenhead; DC BODEN, Derby; AJ BODENHAM, Peterborough; HE BOLD, Stoke; HA BOLLARD, London North; A BOLTON, Nottingham; RI BOND, Preston; BONG FOONG CHIN, Kuching; KJ BONHAM, Winchester; C BONNAR, London West; MSR BOODHOO, London East; D BOOTH, Cheltenham; MJR BOOTH, London Central; A BOTHWELL, London Central; ST BOULTON, Stoke; S BOURKE, Dublin; N BOURNE, Maidstone; CG BOWA, London East; PA BOWMAN, Wrexham; DHF BRADFORD, Belfast; DT BRADLEY, Orpington; F BRADY, Athlone; TA BRADY, Stoke; CM BRAZIER, Leicester; CS BREDEKAMP, Pretoria; ML BREDIN, London Central; JJ BRENNAN, Dublin; CM BRETT, Chelmsford; SL BRIDGE, Swansea; MR BRIGHT, Sligo; CJ BRISTOW, Bristol; MV BRITTON, London North; SJ BROCKBANK, Chelmsford; NN BRODIE, Sydney; RK BROMLEY, Manchester; TH BROMLEY, Manchester; PJ BROOKS, Birmingham; DM BROWN, London Central; ML BROWN, Port Of Spain; MR BROWN, Swindon; PD BROWN, Leicester; PJ BROWN, Newcastle; PT BROWN, Belfast; AM BROWNE, Birmingham; NG BROWNE, Dublin; VL BROWNE, Maidenhead; DE BRUCE, Peterborough; NR BRYCE, Chelmsford; MS BUCHAN, Orpington; G BUCKLEY, Manchester; JL BUCKLEY, London Central; PJ BUCKMAN, Kingston Upon Thames; G BUDDE, Wakefield; SA BUNN, Swindon; OF BUNNIK, Adelaide; SJ BUNT, London East; S BUNTU-BWONA, London Central; JG BURCHALL, Peterborough; AJ BURKEY, Wakefield; GM BURMISTON, Bristol; SR BURNEY, Birmingham; RF BURNS, Nottingham; CF BUSH, London North; JM BUSHER, Dublin; JR BUTLER, Exeter; S BUTT, Lahore; RJ BUTTARAZZI, Leicester; R BUTTERFIELD, Sydney; PAT BYRNE, Birmingham; DJ BYROM, Northampton;

C

MW CAIRNS, Grimsby; NA CALLADINE, Leeds; MR CALLAGHAN, Cork; DJ CAMERON, Hamilton; JA CAMERON, London West; A CAMPBELL, Manchester; MP CAMPBELL, Birmingham; EML CANNON, Watford; JS CANNON, London Central; SR CANTELLO, Worthy Down; B CAREW, London West; JS CARLISLE, Reading; G CARMODY, Sheffield; P CARNEY, London South; AT CARPENTER, Peterborough; HC CARRICK, Liverpool; RE CARRINGTON, London Central; MA CARROL, Wakefield; S CARROLL-WHITMORE, Middlesbrough; AC CARTER, Reading; SJ CARTER, London Central; SP CARTWRIGHT, Oxford; CM CASEY, Maidstone; SJ CASHMORE, Derby; GA CASSELLS, London North; P CASSIDY, Peterborough; VN CATLING, Kingston Upon Thames; S CAULFIELD, Dublin; CH'NG SIEW LEI, Kuala Lumpur; MS CHADWICK, Stoke; JN CHALLINOR, Birmingham; SA CHALMERS, Swindon; F CHAMBERS, Hamilton; M CHAMBERS, Oxford; KC CHAN, Singapore; CHAN BEE LENG, Kuala Lumpur; P CHAN CHIN KHOON, Penang; L CHAN CHOK YONG, Sibu; B CHAN LAI KAM, Hong Kong; CHAN PUAY CHAI, Kuala Lumpur; CHAN SIEW LEE, Kuala Lumpur; CHAN SOOK LENG, Kuala Lumpur; CHANG SIAW FUI, Kuala Lumpur; CHANG YEN LING, Kuala Lumpur; FT CHANGE, Harare; CHANN AYE, London North; CEA CHARLES, Maidenhead; DA CHARMAN, Watford; CHEE PING HWANG, Singapore; LB CHETTY, Durban; CWC CHEUNG, Chelmsford; CHEW HUI HSIEN, Penang; H CHIN WOON LEE, Kuching; AD CHISHOLM, Newcastle; CHIU WAI SHAN, Brighton (Hove); TJ CHIUMBURU, Harare; I CHIVAFA, Bulawayo; CHONG CHENG CHOON, Penang; CHONG CHOW THING, London South; CHONG LI FAH, Kuala Lumpur; CHONG YOKE LAI, Kuala Lumpur; CHOO ENG MAY, Kuala Lumpur; PB CHOWRIMOOTOO, London West; JA CHRISTIAN, Bristol; KL CHUA, Singapore; CHUNG KUI NGO, Kuala Lumpur; DM CLAFFEY, London North; DJ CLANCY, Carlow; MA CLANCY, Sheffield; RSM CLANCY, Barking; BA CLARK, Wigan; LJ CLARKE, Barking; A CLARKSON, Manchester; SA CLAYTON, Bristol; LJ CLEGG, Orpington; GE CLEWS, Wigan; A CLOSE, Bristol; PJ CODLING, London Central; S CODY, London West; DM COLBOURNE, Cheltenham; M COLECLOUGH, Wednesbury; KJ COLEMAN, Luton; ME COLEMAN, Wigan; MM COLEMAN, Newcastle; MD COLLEY, Sheffield; R COLLIE, Blackburn; RN COLLING, Watford; RJ COLLINS, Bristol; SL COLLINS, Maidstone; TP COLLINS, Reading; PP CONDON, Limerick; SJF CONDON, London Central; J CONNER, Leeds; GJ CONNERY, Dublin; ACW CONNOLLY, Manchester; AS CONRADIE, Pretoria; L CONWAY, Nottingham; CP COOKE, Birmingham; CR COOKE, Wednesbury; JP COOKE, Sheffield; KB COOKE, London Central; P COOKE, Wakefield; GDE COOMBER, Kingston Upon Thames; JC COOMBES, Johannesburg; ME COOMBS, Coventry; G COPPEN, Bristol; SJ CORBETT, Birmingham; P CORK, Watford; SL CORKHILL, Chelmsford; AM COSTELLO, Dublin; CM COSTELLO, Bristol; NJ COTON, Grimsby; NG COTTER, Cork; JM COTTOM, Stoke; RJ COTTON, Brighton (Hove); A COULSTON, Liverpool; PJ COURT, Birmingham; DM COURTNEY, London Central; N COVENEY, London West; GJR COWARD, Maidenhead; RD COWDEN, Nottingham; GA COWIE, Maidenhead; LM COWLEY, Liverpool; SR COWLEY, Wednesbury; JD COWLISHAW, Nottingham; E COX, Exeter; SJ COX, Oxford; MJ COY, Manchester; ALR CRACKNELL, Cambridge; JS CRAMPTON, Watford; RC CRAWFORD, Richards Bay; JM CRAYFORD, Chelmsford; MA CREAN, Manchester; JM CREED, Nottingham; UB CREGAN, Belfast; EJ CREIGHTON, Newcastle; C CRIMMINS, Limerick; N CROFT, London West; MA CROMPTON, Manchester; CP CROWLEY, Dublin; SJ CROWLEY, Maidenhead; SM CROWLEY, Cologne; LD CRUMMY, Cardiff; MB CULLINAN, Dublin; SR CULVER, London Central; RE CUMBERBATCH, Leeds; NJ CUNLIFFE, Kingston Upon Thames; AG CUNNINGHAM, Athlone; NJ CUNNINGHAM, Orpington; JM CURD, Winchester; MJ CURLEY, Athlone; JM CURTIS, Coventry; L CURTLIN, Coventry; EM CUTTER, Maidstone;

D

AB DAINTY, Hull; CM DALAIS, Durban; HB DALLAS, Hamilton; AS DALTON, London Central; C DALTON, Derby; C DALY, Belfast; LA DALY, Dublin; RC DALZIEL, Preston; RT DAMHUIS, Pretoria; AL DANINO, London Central; SK DARK, Bristol; D DAS GUPTA, Ndola; SD DATT, Reading; PK DAVEY, Dubai; AC DAVIES, Reading; CP DAVIES, Maidenhead; GW DAVIES, Northampton; JK DAVIES, Worthy Down; L DAVIES, Wrexham; MJ DAVIES, Swansea; P DAVIES, Wrexham; S DAVIES, Stoke; CF DAVIS, Watford; TJ DAVIS, Cologne; D DAWSON, Middlesbrough; SL DAWSON, Leicester; DW DAY, Worthy Down; KJ DAY, Reading; DT DE ALWIS, Colombo; PB DE BRUYN, Pretoria; WA DE JAGER, Cape Town; DHS DE SILVA, Colombo; JK DE SILVA, Colombo; MS DE SILVA, Colombo; SBS DE SILVA, Colombo; SN DE SILVA, Colombo; THA DE SILVA, Colombo; DG DEAKIN, Durban; JR DEAN, Stoke; BT DEAR, Worthy Down; J DEAVILLE, Stoke; KJ DELANEY, Peterborough; JE DELLER, London South; MJ DEMERY, Winchester; EJ DEMPSEY, Dublin; GE DEMPSTER, Maidenhead; C DENNING, Bristol; U DESHPANDE, Hong Kong; S DEVAPRAGASH, Colombo; P DEVLIN, Dublin; VJE DEWEY, Wakefield; M DHANANI, Karachi; VS DHARMASENA, Colombo; PIN DIAS, Colombo; K DIGNAM, Dublin; S DIGUMARTY, Gaborone; JM DILLON, London West; VJA DINNING, London Central; MC DIPPENAAR, Johannesburg; HSB DISANAYAKA, Colombo; EE DIX PERKIN, London South; DA DIXON, Hull; D DOCX, Manchester; GR DODD, Manchester; PD DOLAN, London Central; EJ DOLEMAN, Derby; MJ DONLON, Athlone; M DONNELLY, London Central; GW DONOHUE, Liverpool; PJ DONOHUE, London Central; C DONOVAN, Cork; CP DONOVAN, Cork; M DORAN, Athlone; I DORE, Lusaka; MJ DOUGAN, London West; WJ DOUGAN, Worthy Down; NC DOUGLAS, Richards Bay; S DOUGLAS, Luton; AL DOWNEY, Bristol; AP DOYLE, Athlone; DM DOYLE, Dublin; RP DREW, Leicester; LM DRISCOLL, Dublin; I DU PLESSIS, Pretoria; CG DU TOIT, Cape Town; CN DUCKWORTH, Chelmsford; V DUDOY, Taunton; E DUGGAN, London Central; CA DUKE, Cambridge; IG DUNCAN, Hamilton; J DUNKERLEY, Taunton; NJ DUNLOP, Reading; TWR DUNNE, Maidenhead; EA DUNNING, Middlesbrough; DA DUPOND, Watford; W DURRANT, Kingston Upon Thames; SC DURUKWUAKU, Lagos; CM DYCKES, Brighton (Hove); PA DYERS, Cheltenham;

E

JS EDBROOK, London Central; N EDGAR, Preston; B EDIRIWEERA WIJESURIYA, Colombo; US EDIRIWIRA, Watford; AJ EDMONDSON, Manchester; CF EDWARDS, Wrexham; LL EDWARDS, London Central; MK EDWARDS, Nottingham; P EDWARDS, Manchester; AE EGAN, Bristol; PA EGAN, Manchester; RS EGODAGE, Colombo; KN EICHHORN, Johannesburg; SDR EKANAYAKE, Colombo; AC EKLUND, Cologne; FJ EKSTEEN, Pretoria; KC ELDER, Dundee; RM ELGOTT, Manchester; D ELLA, Leeds; A ELLIOTT, Worthy Down; GM ELLIS, Southampton; TF ELMS, London Central; ENG YIN YIN, Singapore; S ENGLAND, Preston; RT ENNIS, Maidenhead; SS ENTEBANG, London North; BN EPASINGHE, Colombo; CW ERASMUS, Cape Town; AR ESCOTT, Leeds; J EVA, Birmingham; JM EVANS, Newport; MS EVANS, Sheffield; PA EVANS, Worthy Down; RM EVANS, Swansea; CA EVERITT, Coventry; DF EWAN, Maidenhead; AG EWER, Durban; S EXTON, Maidenhead;

F

NSB FAGAN, London Central; CR FAINT, Birmingham; JA FALLON, Sheffield; FAM SOK MAY, Kuala Lumpur; SP FARLEY, Belfast; SJ FARRELL, Manchester; SP FARRELL, Maidenhead; AJ FAULKNER, Wigan; AUM FAWZY, Colombo; G FEARY, London Central; DA FEELY, Dublin; CJS FELL, Hamilton; C FELLOWS, Manchester; T FELLOWS, Manchester; NM FENN, Luton; AC FERGUSON, Manchester; DA FERNANDO, Colombo; KRM FERNANDO, Colombo; MGC FERNANDO, Colombo; PSB FERNANDO, Colombo; SAG FERNANDO, Colombo; SYE FERNANDO, Colombo; TR FERNANDO, Muscat; MA FERRER, Luton; ND FICK, Cape Town; JE FIELD, Maidenhead; DA FILER, Manchester; S FINCH, London Central; DA FINCHER, Winchester; EM FINDLAY, Hamilton; AP FINN, Manchester; JP FINNEGAN, Coventry; AB FINNERTY, Cork; D FIRTH, Bristol; GP FISHER, Leeds; MD FITZGERALD, Maidenhead; CM FITZPATRICK, London South; E FLANAGAN, London Central; SP FLEMING, Waterford; IP FLETCHER, Leeds; MP FLETCHER, London South; AJ FLETT, Manchester; NM FLINT, Luton; KT FOLEY, Cork; A FONTANA, Northampton; FOONG SENG AUN, Kuala Lumpur; JH FOOT, Nottingham; JPW FOREMAN, Wrexham; CA FORTE, Belfast; JD FORTE, Johannesburg; J FOSTER, Wigan; EL FOUBISTER, Hamilton; SG FOX, Leeds; AJ FOXON, Leicester; AK FRADGLEY, Birmingham; SC FRAME, Hamilton; TR FRANCE, Sheffield; AA FRANCIS, Derby; HR FRANKLIN, Exeter; A FRATER, Watford; ASM FREDMAN, London West; RL FRENCH, Winchester; JE FRESHWATER, Maidenhead; KL FRESTLE, Peterborough; RL FURBER, Swindon;

G

R GADHIA, Leicester; N GAFFEY, Dublin; CD GAINES, Worthy Down; S GAJJAR, Edinburgh; DP GALLAGHER, Dublin; PW GALLAGHER, London Central; MC GALLANT, Oxford; SH GALLETLEY, Stoke; S GAMBIER, Cambridge; KS GAN KIAN SENG, Kuala Lumpur; N GANDHI, Watford; SU GANEWATTE, Colombo; CA GANT, Sheffield; ST GARGETT, Reading; J GARMAN, Liverpool; RJ GARNER, Cambridge; SA GARROW, Glasgow; VL GASIM, Dubai; M GASSON, Maidstone; T GAULD, Dundee; EM GBEKOR, London West; K GEETHA, Colombo; DM GEORGE, Wakefield; JRD GEORGE, Colombo; D GERRARD JONES, London Central; HJ GHADIALI, London Central; T GHIAWADWALA, London North; HS GHOUSE, Colombo; J GHYARAM, London Central; CE GIBB, Leeds; DE GIBBONS, Wednesbury; MO GIBSON, Sheffield; PG GIBSON, Brighton (Hove); SE GILBURD, Edinburgh; MR GILES, London Central; KL GILFILLAN, London Central; A GILL, Swindon; K GILL, Maidenhead; S GILLARD, Cheltenham; AMW GILLHAM, Chelmsford; G GIMES, Coventry; R GIUGNO, Cardiff; TE GLAISYER, Bristol; GOH CHEE KEONG, Kuala Lumpur; GOH LEE CHENG, Kuala Lumpur; GOH TOH WANG, London North; B GOLDEN, Dublin; SR GOLDUP, Derby; S GOMIS, Colombo; KA GOODALL, Orpington; CA GOODMAN, London North; CC GOODWIN, Manchester; SR GOODWIN, Bournemouth; MFC GOODYER, Cambridge; J GORDON, Johannesburg; IP GORE, Reading; PAJ GORMLEY, Watford; B GOWTHAMAN, Colombo; MM GRAHAM, Dublin; TW GRAHAM, Cambridge; ME GRAINGER, Winchester; MJ GRANT, Birmingham; JP GRAVES, Bristol; RD GRAY, London Central; DL DREAVES, Blackburn; D GREEN, Middlesbrough; JHC GREEN, Brighton (Hove); SJE GREEN, Maidstone; WJ GREENHOW, Worthy Down; JM GREENSMITH, Cardiff; JD GREIG, Johannesburg; MR GRESTY, Johannesburg; RJ GRIFFITH, Birmingham; PA GRIFFITHS, Nottingham; RA GRIFFITHS, Reading; SA GROSSERT, Southampton; SW GUBBINS, Nottingham; SM GUDKA, London North; ND GUNAPALA, Colombo; DS GUNATILLAKE, Colombo; VJ GUNATILLEKE, Colombo; SD GUNAWARDANE, Colombo; RC GUNNING, Aberdeen; NM GUPTA, Muscat; VP GUPTA, Dubai; NA GURR, Bristol;

H

D HADEN, Cambridge; HADI HELMI B ZAINI SOORIA, Kuala Lumpur; JL HADLEY, Birmingham; JS HAINES, Maidenhead; SPH HAINES, Brighton (Hove); HA HAJI MATSARUDIN, London Central; AM HALL, York; AM HALLEY, Manchester; DA HANCOCK, Maidstone; M HANIF, Maidenhead; J HANLIN, Glasgow; AL HANSON, Birmingham; E HAO, Croydon; S HARDIE, Orpington; PJ HARGREAVES, Preston; MM HARIA, London West; T HARICHANDRA, London Central; CD HARKER, Swindon; PA HARKNESS, Liverpool; RJ HARMSTONE, Manchester; PS HARNESS, Cambridge; M HARNWELL, Leicester; EA HARPER, York; ME HARRINGTON, Bristol; JE HARRIS, London West; SJ HARRIS, Orpington; SR HARRIS, Maidstone; CR HARRISON, Manchester; MJ HARRISON, York; MW HARRISON, Newcastle; T HARRISON, Basildon; MC HARROP, London Central; SJ HARROP, Maidenhead; MA HART, Luton; MJ HART, Wigan; PN HARTLEY, Wakefield; MA HASEMAN, Wellington; F HASHMI, London Central; P HAWKINS, Derby; CA HAWLEY, Nottingham; D HAYDOCK, Wigan; BP HAYES, Newcastle; RG HAYES, Dublin; AM HAYNES, Durban; GM HAYWARD, Sheffield; CL HAZELTON, London Central; MG HEALY, London East; M HEAPHY, Cork; R HEARD, London North; A HEGDE, London Central; ID HENRY, Bristol; D HERLIHY, Dublin; KA HERRINGTON, Wakefield; PE NESELTINE, Croydon; K HESLOP, Aberdeen; HEW AH NOOI, Kuala Lumpur; RF HEWITT-JONES, Manchester; JD HICKMAN, Northampton; DPR HICKS, Derby; CW HILL, Stoke; DW HILL, Glasgow; GD HILL, Liverpool; S HILL, Manchester; SC NILL, Birmingham; SJ HILL, London Central; KA HILLS, Ipswich; MHM HILMY, Colombo; HIW CHEE KIANG, Kuala Lumpur; HO JIYNN WAI, Kuala Lumpur; HO POOI WAN, Kuala Lumpur; HS HOECK, Coventry; CC HOGAN, Waterford; E HOGARTH, Preston; DJ HOGG, Chelmsford; MR HOGG, Belfast; RH HOLDCROFT, Nottingham; DJ HOLLANDS, Luton; CG HOLMES, Leeds; DM HOLMES, Newcastle; MJ HOLROYD, Manchester; MK HOLT, London Central; DP HONE, Reading; RC HONEY, Brighton (Hove); HOO KIM YEN, Kuala Lumpur; LM HOOLEY, Manchester; MA HOOSAIN, Cape Town; AL HOPE, Reading; SZ HOPKIN, Nottingham; AM HOPKINS, Bournemouth; JP HOPKINS, Derby; PD HOPKINS, Brussels; MC HOPLEY, Manchester; PS HORROD, Peterborough; CM HORSBURGH, London Central; AP HOSKINS, Southampton; DKJ HOWARD, Ipswich; EL HOWARD, Bristol; KJ HOWARD, Liverpool; WD HOWE, London North; J HOWLEY, Hull; J HOYLE, Kingston Upon Thames; DW HUDDLESTON, Liverpool; R HUDDLESTONE, Nottingham; BL HUGGAN, Leeds; IJ HUGGINS, Bournemouth; PWV HUGHES, Wednesbury; JW HUMAN, Cape Town; RA HUMPHREY, Orpington; AP HUNTER, Oxford; CA NURRELL, Peterborough; A HUSSAIN, London South; JM HYNES, Ipswich;

I

A IOVIERO, London West; DE IVINS, Johannesburg; HD IYER, Dubai;

J

B JACKSON, Dublin; TM JACKSON, Stoke; WJ JACKSON, Liverpool; PNN JAGODAGE, Dubai; S JAHAN, London East; AF JAMALDEEN, Colombo; MRS JAMES, Cardiff; SJ JAMES, Wednesbury; C JAMIESON, London West; GM JARDINE, Edinburgh; KJ JARVEY, Oxford; N JARVEY, Oxford; LG JAYAKURU, Colombo; HAD JAYAMAHA, Colombo; MNB JAYAMAHA, Colombo; KS JAYASURIYA, Colombo; WRJ JAYASURIYA, Colombo; P JEGANATHAN, Colombo; S JEGASOTHY, London Central; AP JENKINS, Bristol; L JENKINS, London Central; CJP JENNINGS, London Central; RC JEWITT, Nottingham; SA JOHANSSON, Taunton; JA JOHNSON, Manchester; NS JOHNSON, Maidenhead; TWH JOHNSON, Stoke; DPC JOHNSTON, London Central; TL JOHNSTON, Cheltenham; AG JONES, London North; CL JONES, Birmingham; IC JONES, Maidenhead; JI JONES, Liverpool; JRA JONES, Brighton (Hove); LC JONES, Bristol; RW JONES, London Central; SB JONES, Birmingham; TM JONES, Birmingham; VA JONES, Winchester; A JOOMYE, London Central; ML JORDAN, Wednesbury; NL JOSEPH, Leicester; S JOSEPH, Colombo; RB JOSHI, Leicester; JC JOUBERT, Pretoria; MDT JOUBERT, Cape Town; IA JOYCE, Johannesburg;

K

SD KABUGU, Kampala; MS KAGOO, Colombo; MA KAHTAN, London West; R KALAIYALAHAN, London Central; J KALNINS, Kingston Upon Thames; K KALYANARAMAN, Bahrain; L KANDASAMY, Colombo; AP KANE, Dublin; J KANG, Maidstone; KANG BEE ENG, Kuala Lumpur; KANG TEE YONG, Penang; SC KARIA, Leicester; HR KARTANOWICZ, Luton; N KASIM, Kuala Lumpur; SD KAUL, Barking; P KAWESHA, London Central; JK KAZIK, Southampton; AF KEARNS, Dublin; JM KEARNS, Cork; AB KEATING, Cork; AG KEATING, Liverpool; ET KEATING, Waterford; JK KEELEY, Watford; CHM KEHILY, Dublin; J KELLY, Leicester; JA KELLY, Glasgow; M KELLY, London West; GP KEMP, Maidenhead; MS KEMP, London North; JP KENDALL, London South; SJ KENDRICK, Bristol; DJ KENNEDY, Sligo; RN KENNEDY, Edinburgh; SM KENT, Cambridge; J KESARI, London West; C KETTLE, Sheffield; MMA KHAN, London North; KHOO GUEK FONG, Penang; T KIELY, Dublin; SA KILMISTER, Cheltenham; MA KIMBER, Swindon; JP KIMPTON, Watford; R KINEAVY, Athlone; D KING, Swindon; JA KING, Chelmsford; LS KING, Preston; K KIRISHANTHAN, Colombo; TA KIRK, Winchester; SA KIRKBY, London West; S KIRUPANANTHAVEL, London North; CE KNIGHT, York; SJ KNIGHT, Swindon; I KNOWLES, Blackburn; SA KNUCKEY, Cardiff; KOK LI LI, Leicester; TA KOKKINOS, London North; KONG GHEE HOOI, London North; V KOZLOWSKI, Newcastle; R KRASUCKI, Leicester; AC KRIEGLER, Cape Town; JM KRIEK, Johannesburg; R KUMAR, London West; EB KUMARAKULASINGHE, Colombo; K KUMARAKULASINKAM, Colombo; H KUNOV, Luton; NS KURIAN, Colombo; KWAN YUEN LING, Hong Kong; GK KYRIACOU, London Central;

L

P LACOSTA, London Central; JM LAHIVE, Sheffield; D LAI CHIN KON, Johannesburg; LAI CHUI KENG, Kuala Lumpur; LAI GAIK HOON, Penang; R LAI LUNG CHOI, Hong Kong; B LAI YIU WING, Hong Kong; KE LAING, Swindon; LAM WING CHIU, Hong Kong; D LAMB, London East; MJ LAMBERT, London West; JSM LANCASTER, Preston; AH LANE, Kingston Upon Thames; CJ LANG, Cambridge; IM LANGFORD, Cambridge; AT LANIYAN, London North; ID LARKIN, Dublin; PM LARKIN, Dublin; GC LARNER, Swindon; KJ LARTEY, London South; LAU MEI HO, Kuala Lumpur; J LAVU, Lusaka; BS LAWLOR, Waterford; CB LAWRENCE, Maidenhead; DG LAWRIE, Aberdeen; PEA LAWS, Worthy Down; M LAWSON, Wednesbury; MD LAWSON, Southampton; CA LE POIDEVIN, Bournemouth; GM LE ROUX, Durban; TK LEA, Chelmsford; GF LEACH, Maidenhead; JA LEAHY, Cork; KN LEE, Aberdeen; L LEE, Kuala Lumpur; LEE CHEH, Penang; LEE HAU CHERN, Penang; LEE HENG HWAH, Kuala Lumpur; LEE KON LIAN, Kuala Lumpur; LEE MING SUN, Penang; LEE SEOK KHENG, Penang; LEE SIEW KEONG, Penang; LEE SOON CHIN, Kuala Lumpur; LEE SUAT CHENG, Penang; AR LEEKS, Kingston Upon Thames; KM LEEKS, Ipswich; KHD LEELANANDA, Bahrain; JT LEES, Manchester; DC LEGGE, Birmingham; AME LENNON, Dublin; LEONG CHOON HOONG, Kuala Lumpur; LEONG SENG POH, Kuala Lumpur; KJ LESLIE, Cardiff; SD LESLIE, Cape Town; SC LEUNG, London Central; LEUNG KWOK HUNG, Hong Kong; LEUNG YU SUM, Hong Kong; LEW NAM SENG, Kuala Lumpur; JM LEWIS, London North; W LEYLAND, Wigan; LI CHI YUEN, Hong Kong; ALI WING KEUNG, Hong Kong; LIEW KAM FONG, Kuala Lumpur; LIEW PYING PYNG, Penang; DJ LIGHTFOOT, Reading; LIM CHOON LINE, Kuala Lumpur; LIM CHOW HONG, Kuala Lumpur; LIM GEOK ENG, Hull; LIM HOCK NGEE, Penang; LIM JEW LAI, Kuala Lumpur; LIM MENG CHENG, Johor Bahru; LIM SIAU LENG, Kuala Lumpur; LIM TEAN HONG, Kuala Lumpur; LIM YEE KANG, Singapore; JL LINDO, Manchester; JA LINDSAY, Birmingham; JC LITCHFIELD, Luton; A LITTLER, Liverpool; NR LIYANAGE, Colombo; AJ LLOYD, Swansea; LO WAI YIP, Hong Kong; LOH MOOI KOOI, Penang; LOH SHYONG WOEI, Kuala Lumpur; A LOH YU HSIANG, Penang; M LOKE LAI YEE, Kuala Lumpur; MG LONG, Worthy Down; TG LOOBY, Dublin; LOOI SZE YAN, Kuala Lumpur; PR LOPOKOIYIT, London Central; HH LOURENS, Pretoria; AJ LOVE, Luton; RJ LOVE, Ipswich; Y LOVERN, Dublin; CS LOVIS, Watford; LOW CHEE KEONG, Kuala Lumpur; LOW CHUI FONG, Kuala Lumpur; MHF LOWE, Edinburgh; RJ LOWRY, Cork; J LUBBE, Pretoria; DJ LUCY, Manchester; WF LUDICK, Johannesburg; LUI YIU MAN, Hong Kong; LUM CHEE WAH, Kuala Lumpur; LUM HUNG YEE, Kuala Lumpur; RA LUMB, Nottingham; IK LUND, Reading; SJ LUNN, Cambridge; CD LUSWATA, London Central; TG LYNCH, Cork; M LYONS, Southampton;

M

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KPMG

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The Role

- Advise & assist the Managing Director
- Support growth through financial planning & analysis of opportunities
- Manage & motivate a small dedicated team to ensure the highest standards of internal control
- Develop systems in accordance with the evolution & expansion of the business

Qualifications

- Ambitious graduate. ACA or ACMA aged 30+
- Relevant experience in IT or service sectors, preferably in contracts based industry
- Sharp & enquiring mind. Commercial & "hands on" approach
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